

FMM 9000

Principles and General Policy

This is a Draft Document.

The contents of this document were created using the most current electronic versions of the NASA Financial Management Manual.

The contents of this document have not been verified and approved by Headquarters.



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FMM 9001 INTRODUCTION TO THE FINANCIAL MANAGEMENT MANUAL

9001-1 AUTHORITY

The responsibility for the promulgation of the NASA Financial Management Manual (FMM) is delegated to the Director, Financial Management Division, NASA Headquarters by NASA Management Instruction (NMI) 1103.20. Related assignments of responsibility for programming, budgeting, accounting, reporting, fiscal operations and internal control are contained in the 1100 and 9000 series of the NMI's, and are referenced in the FMM when essential.

9001-2 PURPOSE AND APPLICABILITY

The FMM is the primary means of communicating matters involving the financial management discipline under the purview of the Director, Financial Management Division, NASA Headquarters. The roles and responsibilities of the Director, Financial Management Division, NASA Headquarters, are enumerated in NMI 1103.20. The provisions of the FMM are applicable to "NASA installations". The term "NASA installations" will be used throughout the manual, in conformity with NMI 1101.2, to encompass NASA Headquarters and all field installations.

9001-3 RELATIONSHIP TO ISSUANCE SYSTEMS OF REGULATORY AGENCIES

Regulatory agencies of the Federal Government issue financial accounting and reporting principles, policies, and procedures for the guidance of all Federal agencies. Many of these issuances are mandatory in their application and others are specific enough that they do not require special implementation to meet NASA's requirements. Maximum reliance will be placed upon these issuances and such material will not be restated in the FMM except when necessary to specifically implement general policies or procedures or to provide clarification.



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9001-4 BASIC ISSUANCE AND CHANGES

The FMM will be issued in loose-leaf form. Each issuance will be transmitted via a consecutively numbered transmittal notice. Changes to the basic issuances will be published as necessary. Additions to or replacements of existing material will be indicated by an asterisk (*) placed immediately preceding and following the revised paragraph, subparagraph, sentence, word, or illustration. A series of three asterisks (***) will indicate deletions. An updated Sheets in Force listing will be enclosed to each transmittal notice. When necessary or desirable, advance copies of approved FMM material will be transmitted to NASA installations pending the regular distribution of the published material for inclusion in the FMM.

a. TRANSMITTAL NOTICES

Provide a digest of the revised policies, procedures or instructions. Personnel involved in maintaining the manual should read each Transmittal Notice carefully before inserting the new or revised pages in the manual. Transmittal Notices should be retained in the front of the volume to which they apply for a handy reference of historical changes that have occurred.

b. SHEETS IN FORCE

The Sheets in Force is issued with each change for the purpose of verifying the content of the manual. Pages removed in effecting a change should be retained until after the accuracy of the manual has been checked so that they may be replaced if removed in error. Pages that have been superseded by new material may be retained to serve any administrative requirements. Sheets in Force should be retained in the front of the volume to which they apply until they are superseded by a more recent version, then the prior version should be discarded.

9001-5 MANUAL NUMBERING SYSTEM

The FMM numbering system is consistent with the numbering system prescribed in the NASA Management Directives System Handbook (Appendix E, NHB 1410.12). A four digit numbering scheme has been devised to identify each volume, chapter and section. Each volume is identified by the first two digits of the number as follows:

FMM 9000	Principles and General Policies
FMM 9100	Agencywide Coding Structure
FMM 9200	Accounting
FMM 9300	Financial Reports
FMM 9400	Reserved for Future Use
FMM 9500	Reserved for Future Use
FMM 9600	Fiscal Operations
FMM 9700	NASA Travel Regulations



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Chapters are identified by using the third digit of the number. For example, the chapter on Installation Functional Reports is designated FMM 9350.

Sections are identified by using the fourth digit of the number starting with one (1). For example, the section on Analysis of Inventories Report is designated FMM 9351.

Within each section, paragraphs are numbered by adding -1, -2, etc., to the section numbers. Subparagraphs are designated in the usual manner, for example:

FMM 9351-1b(1)(e).

	9	3	5	1	-1 b(1)e
Volume	_____				
Chapter	_____				
Section	_____				
Paragraph	_____				
Sub-paragraph	_____				

9001-6 *LISTS OF CHAPTERS AND TABLE OF CONTENTS*

A List of Chapters for the entire FMM is provided in the front of FMM 9000. A List of Chapters is also provided in the front of each volume to facilitate the location of the applicable general subject matter. A Table of Contents is provided in the beginning of each chapter to assist in locating specific information contained therein.

9001-7 *APPENDICES*

Appendices in the manual appear at the end of each section. Each appendix is identified by using the section and paragraph number to which it relates. An alpha character is added after the reference so that more than one appendix can be related to a specific paragraph, for example: FMM Appendix 9351-5A. Appendices are provided to demonstrate procedures, coding, computations, rates, formats, etc. The rates used in appendices may or may not reflect what is currently in effect.

9001-8 *PAGE HEADINGS AND PAGINATION*

To facilitate finding paragraphs, each page is identified with a page heading. The number in the upper right corner of an even numbered page indicates the number of the first paragraph to begin on that page. The number in the upper right corner of an odd numbered page indicates the number of the last paragraph to begin on that page. If a paragraph does not begin on a page, the paragraph number appearing in the upper corner of the page is the last paragraph to begin on the preceding page.

Pages are numbered consecutively within each section, beginning with 1. Therefore, when referring to a particular page, it will be necessary to specify the subchapter involved, e.g., page 2 of 9711, page 2 of 9721, etc.



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When page changes are issued, the change number and transmittal number are reflected at the bottom of each odd numbered page.

9001-9 DISTRIBUTION

The basic issuance and all changes will be distributed to designated control points at each field installation and at NASA Headquarters. Requests for changes to the established distribution for Headquarters organizations will be made to the Financial Management Division, Code BFG, NASA Headquarters. Requests for changes in distribution for field installation organizations will be submitted to the installation publication distribution point. If sufficient copies are not available at the distribution point, they in turn should submit a request to the Financial Management Division, Code BFG, for additional distribution.

9001-10 INSTALLATION IMPLEMENTING INSTRUCTIONS

Two copies of any implementing instruction which is contrary to the policies and procedures in the FMM should be forwarded to the Director, Financial Management Division, NASA Headquarters for approval. An explanation of the deviation should accompany the instruction.

9001-11 QUESTIONS AND COMMENTS

Questions and comments concerning the content of the FMM, and requests for revision, exception, and additional coverage, will be referred to the Director, Financial Management Division, NASA Headquarters, Code BF.

9001-12 RELATED NASA ISSUANCES

a. The following NASA issuances are frequently referenced throughout the manual. The index to the NASA Management Instructions (NMI's) should be consulted for the latest version of each issuance.

9000 PRINCIPLES AND GENERAL POLICIES

NMI 1103.20	Roles and Responsibilities - Director, Financial Management Division
NMI 1103.35	Roles and Responsibilities - The NASA Comptroller
NHB 5100.2	NASA Procurement Regulation
NHB 7400.1	Budget Administration Manual
NFS	NASA Federal Acquisition Regulation Supplement
NMI 9050.4	Administrator's Fund
NMI 9080.1	Review, Approval, and Impositions of User Charges
NHB 9501.2	Procedures for Contractor Reporting of Correlated Cost and Performance Data



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NMI 9501.1 NASA Contractor Financial Management Reporting System

9200 ACCOUNTING

NHB 4100.1 NASA Materials Inventory Management Manual

NHB 4200.1 NASA Equipment Management Manual

NHB 4300.1 NASA Personal Property Disposal Manual

9300 FINANCIAL REPORTS

NMI 9310.1 Delegation of Authority - To Sign the Certification of Obligations Report

NMI 9380.1 NASA Transactions Affecting the International Balance of Payments

NMI 9393.2 Use of Excess and Near-Excess Currencies for Payment of United States Obligations

9600 FISCAL OPERATIONS

NMI 9630.4 Delegation of Authority and Procedures for Certifying Telephone Charges

NMI 9630.3 Delegation of Authority - To Render Advice on Questions Involving the Propriety of Certain Payments

NMI 9645.1 Claims for Erroneous Payment of Pay and Allowances, and of Travel, Transportation and Relocation Expenses and Allowances

NMI 9650.1 Delegation of Authority - To Act in Miscellaneous Financial Matters

9700 NASA TRAVEL REGULATIONS

NMI 9710.1 Delegation of Authority - To Authorize or Approve Travel on Official Business and related matters.

NMI 9710.6 Delegation of Authority - To Authorize and Approve Travel and Related Matters Involved in Moving to Permanent Duty Stations

NMI 9730.1 Claims for Collision or Upset Damage to Vehicles Rented by NASA Travelers

NHB 9760.1 Employees Guide for Permanent Change of Station Moves



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FMM 9010 POLICIES AND OBJECTIVES OF FINANCIAL ACCOUNTING AND REPORTING IN NASA

9011-1 PURPOSE

This chapter sets forth the basic objectives of NASA's accounting and reporting management system and the general policies to be followed in carrying out those objectives. These policies constitute the basis for development and implementation of NASA systems for financial accounting and reporting, in accordance with Federal Government Accounting Standards.

9011-2 APPLICABILITY

The provisions of this chapter are applicable to NASA Installations.

9011-3 OBJECTIVES

The fundamental objective for NASA financial accounting and reporting systems is to satisfy, in an efficient and economic manner, the needs of responsible NASA officials for reliable, accurate, timely, and complete financial data, in order to ensure effective:

- a. Administrative control over and accounting for appropriations and apportionments so that responsible officials may establish and document that NASA financial transactions are within amounts and for purposes legally authorized and administratively approved;
- b. Budget formulation and execution;
- c. Management and deployment of resources to achieve optimum results in the execution of NASA missions and conduct of NASA activities;
- d. Control over property and other assets; and
- e. Responsiveness to the requirements of the Congress, the General Accounting Office, the Office of Management and Budget, the General Services Administration, the Department of the Treasury, and other external agencies with respect to the financial operations and status of NASA.



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9011-4 GENERAL POLICIES

- a. NASA's policy is that the management of finances involved in the execution of NASA missions and the conduct of NASA activities is an integral and essential element of the total management function and responsibility of the agency and officials at all levels of the organization. This policy is based in part on the following considerations:
 - (1) NASA, as a Federal agency, is entrusted with public funds and charged by law with the responsibility for control over and accounting for the expenditure of such funds.
 - (2) Within the law, and consistent with the sound and conscientious discharge of NASA's public responsibility, the expenditure of public funds must be accomplished so that NASA missions are executed and activities are conducted in a manner which will obtain the most efficient and economical use of such funds.
 - (3) The expenditure of public funds is not simply a mere ministerial function but is a discretionary function which requires the exercise by the executive branch of sound judgement based on reliable information.
- b. NASA's management policy requires an integrated system for program planning, budgeting, financial accounting and reporting, and review and analysis, which is designed to facilitate the establishment of measurable goals and provide an objective determination of the extent to which those goals have been attained.
- c. With respect to projected goals for and actual consumption of, human and material resources (as expressed in financial terms), both provisions of law and NASA management policy require NASA budget formulation and execution be based on projected costs to establish goals for commitment, obligation, cost and expenditure, and that financial accounting and reporting systems be designed to measure actual results in those same terms.
- d. Basic statutes provide that obligations may not be incurred and expenditures may not be made unless there is an appropriation or fund balance available (see FMM 9041-4). Also, appropriations by the Congress are requested, made, administered, and accounted for in terms of authority to obligate and expend. NASA accounting systems must identify obligations incurred and liquidated with the applicable appropriation.



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- e. The basic instrument by which NASA meets the objectives set forth in Section 106 of the Budget and Accounting Procedures Act of 1950, as amended, is the Agencywide Coding Structure (AWCS) which sets forth a uniform classification of all NASA activity and which is used in the collection, reporting, and presentation of financial information for a variety of purposes including planning, budgeting, accounting and reporting. The coding structure (FMM 9100) has been designed to meet the management needs of Headquarters Offices and NASA installations. All NASA financial transactions will be classified and coded in accordance with the Agencywide Coding Structure.

9011-5 FINANCIAL ACCOUNTING AND REPORTING POLICIES

The following policies, related to financial accounting and reporting, are established for application throughout NASA:

- a. Financial accounting and reporting will be performed at the highest level of aggregation possible commensurate with the established objectives. Duplicate records and reports will be avoided, and Headquarters and installation requirements will be combined and integrated to that end. Installations will determine operating procedures wherever possible. The NASA Financial Management Manual will establish minimum requirements for agencywide financial accounting and reporting systems. Requirements for additional data will be reviewed for necessity before additional agencywide systems are prescribed.
- b. The accounting system will provide internal controls for safeguarding assets, ensuring that bills are processed for goods and services sold, promoting the accuracy and reliability of financial data, and encouraging adherence to approved policies. The system of checks and balances will be sufficient to disclose conditions and transactions not in conformance with legal, administrative and accounting requirements, and to ensure that funds are disbursed only for the purposes for which they are legally available and administratively authorized. Recorded transactions will be adequately documented so that they may be traced from the original documents to the financial statements.
- c. NASA's accounts will be maintained on a decentralized basis. Reciprocal accounts will be maintained by the Financial Management Division and each installation to control total funds and other resources. Each installation will maintain one general ledger which will serve to align Government fiscal accounting procedures and requirements with generally accepted commercial and industrial accounting principles and practices. Although a uniform chart of accounts will be prescribed for use by the installations, additional subdivisions of the accounts may be established providing the subdivisions are directly combinable into the Agencywide chart.



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- d. Agency program and fund management concepts and systems require that commitments be recorded in order to provide a measurement of firm administrative reservations of funds and issuance of authorizations to create obligations (see FMM 9030).
- e. Payments will be recorded in the accounts and reported at the level of the NASA Agencywide Coding Structure (AWCS) to facilitate the administrative control of funds and assist in budget formulation and execution, including commitments, obligations, and costs.
- f. Costs will be classified in the accounts according to the appropriation which financed the costs, i.e., Research and Program Management (R&PM), Research and Development (R&D), Space Flight, Control and Data Communications (SFCDC), and Construction of Facilities (CofF) (see FMM 9240). Costs will be reconciled to obligations incurred at the appropriation level for each installation. Non-appropriation costs (unfunded) will be classified in the accounts in a simulated appropriation, Unfunded, to facilitate appropriation accounting and yet enable determination of full costs. Within each appropriation, costs will be classified first by AWCS and then by those capitalized and those expensed as a cost of current operations. The system of classification will be uniform so that total costs including overhead for Research and Development and construction projects may be determined irrespective of which appropriation financed the costs or whether the costs will be accounted for finally as capital or expense. Where it is necessary or desirable to specify agencywide treatment of a cost item or method of cost allocation, NASA installations will adopt the specified treatment or method for internal operations and reports as well as for reporting to the Financial Management Division.
- g. Cost accounts will be maintained on an accrual basis, i.e., costs and income will be recorded in the accounts in the period in which they are incurred or earned (see FMM 9060). In the application of this policy, every effort will be made to ensure as complete an accrual as practicable at fiscal yearend, and reasonable efforts will be made to state the costs accurately on an accrual basis each month.
- h. Government-Owned/Held property, other than real property and materials and supplies held for issue which are located at another Installation, will generally be recorded by the Installation where the assets are physically located (see FMM 9252). When such assets are physically located at other than the funding installation, accountability may, by mutual agreement, remain with the funding installation. Real property will be recorded and reported by the installation where the real property is physically located.



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- i. Government-Owned/Contractor-Held industrial facilities (including equipment), and materials and supplies held for issue, will be recorded and reported by the NASA installation having cognizance of the contract under which the contractor is accountable--whether or not property administration is assigned to others. However, when the contractor-operated facilities are located on a NASA installation, real property will be recorded and reported by the installation where located (see FMM 9257).
- j. Inventories, Government-Owned/Held materials, supplies and non-capital equipment in inventory will be classified uniformly in the agency general ledger accounts (see FMM 9254). Items purchased specifically for use on a project may be charged directly to the project providing the items are used, consumed, or applied within a reasonable period of time. Materials, supplies, and non-capital equipment, not charged directly will be priced at average costs when issued for use. Inventory accounts will be supported by detailed inventory records which will be reconciled with the controlling accounts. The inventory records will be verified by physical inventory.
- k. Government-Owned/Contractor-Held industrial facilities (including equipment) will be classified uniformly in the agency general ledger accounts (see FMM 9257). Costs of Government-Owned/Contractor-Held industrial facilities consumed in use or otherwise disposed of will be retired from the accounts. Final cost reports will be prepared for each construction project which will classify project costs as between capital and expense, and assign costs equitably to the individual items of fixed assets involved in the project. Fixed asset accounts will be supported by detailed property records which will be reconciled with the controlling accounts. The property records will be verified by physical inventory.
- l. NASA will not perform depreciation accounting, except that estimates of applicable depreciation costs will be made when determining prices based on full costs for work for others outside of the Federal Government.
- m. Internal reviews will be conducted to provide responsible NASA officials with an independent evaluation of the degree to which NASA financial accounting and reporting systems conform to the principles and standards prescribed. Such reviews shall also examine the extent to which the concepts and application of NASA financial accounting and reporting systems are adequate to permit responsible NASA officials to exercise proper financial controls.

9011-6 RESPONSIBILITIES

- a. Pursuant to NMI 1103.20_, the Director, Financial Management Division, NASA Headquarters, is responsible for the following:



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- (1) Recommending policies and establishing standards and procedures applicable to NASA financial accounting and reporting functions and activities, principally through the development, implementation and maintenance of financial accounting and reporting systems by incorporation of such systems into the NASA Financial Management Manual (FMM).
 - (2) Conducting periodic, systematic reviews of financial accounting and reporting systems to evaluate the degree to which additional efficiency and economy may be obtained in agencywide financial accounting and reporting systems without significant impairment of the ability of such systems to achieve established objectives.
 - (3) Providing assurance that necessary actions are taken in order to obtain the approval of the Comptroller General of the United States for NASA financial accounting and reporting systems which may be subject to such approval.
- b. At installations, the Financial Management Officer is responsible for the application of the provisions of the NASA Financial Management Manual and the needs and directives of installation management, under functional direction of the Director, Financial Management Division, NASA Headquarters.
 - c. Officials-in-Charge of Program Offices shall determine management needs for data, status information, estimates and reports on bases consistent with these provisions and the NASA Financial Management Manual.

9011-7 *DEVIATIONS*

- a. Requests for exceptions from these policies should be made only when circumstances and urgently compelling reasons fully justify departures from regulations and requirements of other agencies and NASA management needs for uniformity and consistency.
- b. Requests for exceptions will be submitted in writing through the installation's Financial Management Officer to the Director, Financial Management Division, NASA Headquarters.
- c. Approved exceptions from the basic accounting and reporting policies set forth in this chapter shall be in writing from the Director, Financial Management Division.



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FMM 9020 DEFINITIONS OF FINANCIAL MANAGEMENT TERMS

9021-1 GENERAL

This chapter contains definitions of terms generally used by NASA personnel for financial accounting, property accounting, reporting, and general financial operations, and in the related fields of planning, programming, budgeting, project approval, and funding. Additional definitions of terms that are used in specific applications can be found in the respective chapter dealing with the subject matter.

9021-2 NEED FOR COMMON UNDERSTANDING

NASA personnel must have a common understanding of terms used in order to communicate effectively with one another. The uniform use in NASA of the terms defined herein will help achieve that objective.

9021-3 ARRANGEMENT OF TERMS

The terms are arranged in alphabetical order using the first word of the term being defined.

9021-4 DEFINITIONS

ACCOUNTING INSTALLATION NUMBER (AIN). A two-digit code which identifies the accounting Center responsible for maintaining the fiscal records. See FMM 9100 for a list of Centers and codes.

ACCOUNTING SYSTEM. The uniform system of general ledger control accounts to be maintained and recorded in the system, the requirements and procedures of allotment accounting, cost accounting, and property accounting systems, and the requirements relative to revenue accounting transactions (see FMM 9210).

ACCOUNTS PAYABLE. Amounts owed by NASA to others based on invoices or other evidence of receipt of goods and services, i.e., the amount due for goods and services which have been received but for which payment has not been made.

ACCOUNTS RECEIVABLE. Amounts owed by others to NASA for goods furnished and services rendered. Such amounts include reimbursements earned and refunds receivable.

ACCRUAL BASIS OF ACCOUNTING. The method of accounting whereby revenues and expenses are identified with specific periods of time and are recorded as incurred without regard to the date of receipt or payment of cash.



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ADMINISTRATIVE LIMITATION. A restraint, imposed within NASA, on the use of an appropriation or other fund for the purpose of controlling commitments, obligations, costs and outlays, i.e. 506 resource authority.

ADVANCES. Amount of money offered pursuant to a statutory authorization in contemplation of the receipt of goods, services, or other assets. There are two types of advances: advances issued by the Government and advances received by the Government. Advances issued by the Government include travel advances which are made in contemplation of future travel expenses, advances to contractors which are made in contemplation of future receipt of inventory or fixed assets, and advances to grantees or nonprofit contractors to conduct research for NASA. Advances received by the Government are prepayments made in contemplation of the later receipt of goods, services, or other assets.

AGENCY OVERHEAD. The sum of the Center overhead rate and the Headquarters overhead rate.

ALLOTMENT. An authorization, issued on NASA Form 504 (Allotment Authorization) to incur commitments, obligations and outlays within a specific amount pursuant to an appropriation or other statutory authority. The allotment constitutes a legal limitation on the total amount of funds stated thereon, to be utilized in accordance with procedures governing the administrative control of appropriations and funds, as implemented by NASA Management Instruction 9050.3_.

APPORTIONMENT. A distribution by the Office of Management and Budget of amounts available for obligation and outlay in an appropriation or fund account. The amounts may be available only for specified time periods, activities, functions, projects, objects, purposes, or combinations thereof. The specified amounts limit obligations to be incurred.

APPROPRIATION. Statutory authority that allows Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation usually follows enactment of authorizing legislation.

APPROPRIATION REFUNDS. Recoveries of erroneous or excess payments that are credited to an appropriation or fund account. Recoveries of advances, or amounts disbursed as a result of oversight, which are for credit to an appropriation or fund account. Refunds include such items as salary overpayments, invoice overpayments, or the return of the unused portion of a travel advance.

APPROPRIATION REIMBURSEMENTS. Amounts received by NASA as repayment for commodities sold or services furnished either to the public or to another Government account that are authorized by law to be credited directly to specific appropriation. Reimbursements received, or to be received, for credit to a specific appropriation account.



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ASSETS. Any item of economic value owned by NASA. The item may be physical in nature (tangible) or a right to ownership (intangible) that is expressed in terms of cost or some other value. Also includes prepayments and deferred charges applicable to current and future accounting periods.

AUTHORIZATION ACT. Approved legislation which authorizes the appropriation of funds for the agency's programs.

BOOK VALUE. The original capitalized value of an asset, adjusted for modifications where appropriate, as stated in the agency's accounting records.

BUDGET. A formal estimate of future revenues, obligations to be incurred, and outlays to be made during a definite period of time.

BUDGET AUTHORITY. Authority provided by law to enter into obligations that will result in immediate or future outlays involving Government funds.

BUDGET LINE ITEM (BLI). A two-digit code, developed at Headquarters by a cross-reference technique for inclusion in output reports, that identifies the budget line items (programs) which appear in the President's budget. See FMM 9100 for a list of budget line items.

BUDGET YEAR. The fiscal year for which estimates are submitted. Budget submissions generally contain data concerning the Prior Year (the FY immediately preceding the current year), the Current Year (the FY immediately preceding the budget year), the Budget Year (the FY for which estimates are submitted) and 4 subsequent years.

CAPITALIZED EQUIPMENT. Equipment with a unit cost of \$5000 or more and a useful life of two years or more, which will not be consumed in an experiment.

CAPITALIZED EXPENDITURES. Expenditures intended to benefit future periods, in contrast to expenditures that benefit the current period; an addition to a capital asset.

CAPITALIZED LEASE. A property lease that is equivalent to an installment purchase of property and meets the criteria in FMM 9259.

CARRIER ACCOUNT. A means of accumulating charges that will later be distributed to benefiting R&D and SFCDC projects and center support (fund source 3). There are four types of carrier accounts: General Purpose, Multi-Appropriation Support, Program Support and Common-Use Services. See FMM 9280-90 for a description of each.

CASH BASIS. The method of accounting whereby material, labor and other charges are recorded as costs in the month in which payment is made, as differentiated from the accrual basis where costs are recorded when incurred. (See also Accrued Costs.)

CENTER. NASA sites led by a Center Director, as listed in NHB 1101.3.



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CENTER SUPPORT. Includes all general and administrative activities which are required to operate and maintain a Center regardless of the programs and projects carried out at the Center. Center support costs include civil service personnel and travel, support service contracts, supplies, equipment, and other goods and services necessary to carry out the general and administrative functions of the Center. All center support activities are identified with a function code and are recorded in the R&PM and OIG appropriations.

CERTIFYING OFFICER. A Government officer or employee who by reason of his or her employment is charged with the accountability for public funds. The term is commonly applied to individuals who certify vouchers for payment. The term is also used to refer to officials who certify the availability of 506 and 504.

COLLECTIONS. Amounts received by the Federal government during the fiscal year. Collections are classified into two major categories: budget receipts (general fund receipts) and offsetting collections. Budget receipts are collections from the public (based on the Government's exercise of its sovereign powers) and from payments by participants in certain voluntary federal social insurance programs. Offsetting collections are collections from Government accounts or from transactions with the public that are of a business-type or market-oriented nature (reimbursable agreements, refunds and advances).

COMMITMENTS. Administrative reservations of allotments and resources authority based on approved requisitions, procurement requests, authorizations to execute contracts, or other written evidence which authorizes the creation of obligations without further recourse to the official responsible for certifying the availability of the allotment and resources authority.

COMMITMENTS, UNOBLIGATED. The reservation (commitment) of allotment and resources authority against a specific appropriation or fund, or subauthorizations that have not been awarded (obligated).

COMPONENT FACILITY. Applies to organizations that are geographically separated from the NASA Center to which assigned, as listed in NHB 1103.3. (Also see Centers.)

CONSTRUCTIVE DELIVERY. The concept under which costs are accrued as a contractor performs work on a contract, where goods are manufactured to Government specifications, since the Government takes title to the goods as work progresses.

CONTINGENT LIABILITY. A potential liability created by a past transaction or event that may become an actual liability due to consequences of a future event.

CONTINUING RESOLUTION. Legislation enacted by the Congress to provide authority for an agency to continue operations when the regular appropriations have not been enacted by the beginning of a fiscal year.



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CONTRACT ADMINISTRATION. Costs incurred by the Government in assuring that a contract is faithfully executed by both the Government and the contractor. Includes the cost of reviewing contractor performance and compliance with the terms of the contract (quality assurance plan), processing contract payments, negotiating change orders, and monitoring the closeout of contract operations. Also, a charge made to all NASA contracts or portions thereof administered by components of DOD, which is identifiable to the reimbursable work or services being performed for the user and is included in billings prepared by the Center.

CONTRACT VALUE. The total definitized cost (including fee) of all work to be performed under a contract, through the most recently executed amendment.

CONTRACTOR-ACQUIRED PROPERTY. Property procured by or built by a contractor but which is paid for and owned by NASA.

CONTROLLED EQUIPMENT. Personal property which meets the criteria for controlled equipment as defined in NHB 4200.1_ and FMM 9255.

COST ACCOUNTING. A method of accounting which provides for the accumulation and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

COST FINDING SYSTEM. A system whereby costs are derived using a combination of (1) data contained in the official records of the agency and (2) data derived from statistical and computational applications such as overhead via an overhead rate application, depreciation via a spread sheet application, etc. Such a system does not provide accounts for accumulating current cost data on a continuous basis and for integrating these data with the general ledger. Cost information can be provided when needed on an occasional basis or for a special purpose. However, the cost data may not be as precise as the data provided by the integrated cost accounting system.

CUMULATIVE OBLIGATIONS. Total obligations incurred during a specific period, including obligations for which disbursements have been made.

DATA ELEMENT. An item of information (UPN, fund source, object class, etc.) which identifies a specific characteristic of a transaction. A data element or a combination of data elements is utilized to classify transactions into specified categories.

DECOMMITMENT. A downward adjustment of a previously recorded commitment.

DEOBLIGATION. A downward adjustment of a previously recorded obligation attributable to a contract termination or modification, price revisions or corrections of amounts originally recorded.



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DEPOSIT FUND. A fund established to account for receipts that are either (1) held in suspense temporarily and later refunded or paid upon administrative or legal determination as to proper disposition thereof, (2) held as security to assure compliance with contractual terms or as collateral against customer damage, or (3) held as an agent for others and paid out at the direction of the depositor. Such funds are not directly available for salaries, expenses, grants, or other outlays of the Government.

DIRECT LABOR HOURS. The hours worked for labor or services which are directly assignable to a specific project, system or task. Although the hours representing labor or services of an overhead nature are directly attributable to a service output, these hours are not considered as direct in this context. However, where various categories of personnel such as cost analysts, budgeting and programming specialists, clerical employees, etc., have been assigned to facilitate the "total project management concept," the work performance should be classified as direct labor hours when the efforts can be directly related to specific projects.

DIRECT PROGRAM. Includes activities which are clearly programmatic in nature and are planned, budgeted, and authorized by a project manager. Direct program activities include civil service personnel and travel, and end-item purchases or services procured through the use of contracts, grants, purchase orders and carrier accounts (UPN's 993, 994, 997, and 998).

DISBURSEMENT. The outlay of public moneys and the rendering of accounts in accordance with the laws and regulations governing the distribution of public moneys. (See also Outlays.)

DOMESTIC TRAVEL. All travel within the 50 States, the District of Columbia, Puerto Rico, areas and Centers in the Republic of Panama made available to the United States, and Possessions of the United States. Temporary duty to be performed on U.S. ships may be considered "domestic" travel provided no portion of the travel assignment will be to locations other than the United States or on board such ships.

EQUIPMENT. Tangible items of a durable nature used in operations including but not limited to items such as wordprocessors, typewriters, personal computers, calculators, furniture, copiers, machinery, and ADP equipment (excluding ADP software). See FMM 9255 for various types of equipment.

EXPIRED APPROPRIATION. Appropriation account which is no longer available for obligation, but is available for payment of existing obligations. See also Lapsed Appropriation.

FACILITY PROJECT. The consolidation of applicable specific individual types of facility work, including related collateral equipment, which is required to fully reflect all of the needs, generally relating to one facility, which have been or may be generated by the same set of events or circumstances and which are required to be accomplished at one time in order to provide for the planned initial operational use of the facility or a discrete portion thereof.



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FACILITY PROJECT NUMBER (FPN). A four-digit number which is assigned to each facility project under the Construction of Facilities appropriation.

FAIR MARKET VALUE. The price at which a bona-fide sale can be consummated for products of a like type, quality, and quantity in a particular market at any moment of time -- even if it was just for scrap or salvage value.

FISCAL YEAR. The Federal Government's yearly accounting period which begins on October 1 and ends on the following September 30.

FIXED ASSETS. Assets of a permanent character having a continuing value such as land, buildings, other structures and facilities including collateral equipment, and non-collateral equipment meeting the criteria for capitalization as set forth in FMM 9250.

FUNCTION. A method of classifying and grouping like activities or tasks employed in a common pursuit. These activities can be clearly distinguished from other activities so as to be grouped for managerial control. This grouping permits analysis and comparisons on an agencywide basis. The following are examples of functions: center management, medical services, programming and budgeting, program and project management, engineering, ADP maintenance, and repair. A complete listing is contained in FMM Appendix 9121-52A.

FUNCTIONAL MANAGEMENT. The responsibility for making decisions with respect to the planned and actual utilization of resources necessary for the proper functioning of Centers. Emphasis is placed on functions, organizations, facilities, personnel, and other resources necessary for the achievement of NASA's basic objectives.

FUND CONTROL. The management control over the use of allotments and resources authorizations to assure that (1) funds are economically and efficiently used only for authorized purposes, and (2) obligations and disbursements do not exceed amounts authorized.

FUND SOURCE (FS). A 2-digit code which identifies the direct financing appropriation and unfunded transactions, in terms of the current administrative classifications used by NASA to manage funds. Fund sources are described in FMM 9121.

FUNDING. The issuance of allotments (NASA Form 504) and resources authorizations (NASA Form 506) by NASA Headquarters, which provides authority to incur commitments and obligations and make payments within appropriations approved by Congress and the apportionment limitations established by the Office of Management and Budget.

GOVERNMENT-FURNISHED EQUIPMENT (GFE). NASA owned equipment which is furnished to a recipient or contractor for use under the terms of a grant, cooperative agreement or contract wherein title remains with NASA. (See FMM 9258-2 for additional information.)



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HIGH SALES ITEM. An item for which the economic order quantity (EOQ) is less than a 12-month supply.

IN-HOUSE. Those activities that are performed within the confines of a Center or the immediate adjacent areas. This effort contributes to the accomplishment of a program or project and provides the appropriate general and administrative support required to operate and maintain an Center regardless of the projects carried out at the Center. In-house functions can be accomplished by either civil service or support contract personnel. (See also Out-of-House.)

INCREMENTAL FUNDING. The act of increasing the funding ceiling of a contract in successive increments.

INTEREST. A charge for the use of money, commonly computed as a percentage of outstanding principal. Applies in NASA to penalties the Government must pay vendors when principal amounts due are not paid on time and collections from delinquent debtors.

INVESTED CAPITAL. The net investment of the Government related to NASA as a whole or to a single appropriation. The balance in invested capital reflects the residual resulting from initial investments to commence operations, revenues and expenses (cumulative results) transferred to this account, donations received, transfer of fixed assets to and from other accounts or funds, and funds returned to the Treasury.

LAPSED APPROPRIATION. An expired appropriation which has been transferred to a successor account (M) as of the end of the second full year following the expiration of authority to incur obligations (see also Expired Appropriation).

LEASE. An instrument conveying an interest in land, buildings, or other structures and facilities for a specified term, revocable as specified by the terms of the instrument, in consideration of payment of a rental fee.

LIABILITIES. Amounts owed by NASA for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), and amounts received but as yet unearned.

LIMITATION. A statutory or administratively imposed restriction within an appropriation or other authorization or fund which establishes the maximum amount which may be used for specified purposes.

LOW SALES ITEM. An item for which the EOQ is a 12-month or more supply.

NON-COLLATERAL EQUIPMENT. Includes all equipment other than collateral equipment. Such equipment, when acquired and used in a facility or a test apparatus, can be severed and removed after erection or Center without substantial loss of value or damage thereto or to the premises where installed. (See also Collateral Equipment.)



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OBJECT CLASS CODE. A numbering system for classifying financial transactions according to the types of services, articles, or other items involved, e.g., personal services, supplies and materials, equipment, etc. A list of object class codes and definitions is contained in FMM 9100.

OBLIGATIONAL AUTHORITY. Authority to incur obligations granted by an allotment (NASA Form 504) or a "citation of funds" authorization. Appropriation, apportionment, allotment, or an administrative subdivision of an allotment authorizing the incurrence of obligations within a specified amount against the allotment without further recourse to the office which granted the authority.

OBLIGATION LIMITATION. A maximum amount established for obligations which may be incurred for a specified purpose, pursuant to a statutory requirement, apportionment action, or an administrative determination.

OBLIGATIONS. Amounts of orders placed, contracts awarded, services received, or other similar transactions which will require the disbursement of money.

OBLIGATIONS, UNCOSTED. Obligations incurred for which costs have not been accrued. Represents materials or services ordered but not received or placed in use.

OPERATING/PROGRAM EXPENSES. Expenses incurred in conducting the ordinary activities of NASA. Expenses result in outflows of assets or incurrences of liabilities. Excludes capital expenditures, unfunded expenses, and cost of goods sold.

OUT-OF-HOUSE (OFF-SITE). Those activities that are performed outside the confines of a Center or the immediate adjacent areas. (See also In-House.)

OUTLAYS. The amount of checks issued, interest accrued on most public debts, or other payments; net of refunds and reimbursements. Total budget outlays consist of the sum of the outlays from appropriations and funds included in the unified budget, less offsetting receipts. The outlays of off-budget Federal entities are excluded from the unified budget under provisions of law, even though these outlays are part of total Government spending. Federal outlays are recorded on the cash basis of accounting--with the exception of most interest on the public debt, for which the accrual basis of accounting is used.

OUTSTANDING ORDERS. The amount of orders for goods or services outstanding for which a liability has not been accrued. This amount includes orders for goods and services for which advance payments have been made, but for which goods or services have not been received.

OVER OBLIGATION. When the aggregate of obligations exceeds the amount of funds appropriated for obligation. An over obligation is a violation of the Antideficiency Act (31 USC 1341).

OVERHEAD COSTS. Cost incurred in support of an activity that is not solely identifiable to that activity will be classified as overhead. (See also Agency Overhead.)



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PERMANENT CHANGE OF STATION (PCS). The reassignment or transfer of an employee for permanent duty from one official station or agency to another that is outside the employee's commuting area.

PERSONAL PROPERTY. Property of any kind including equipment, materials, and supplies, but excluding real property. Property of any kind or any interest therein, except real property acquired by NASA, including property in transit in Government conveyances or common carriers; storage for stock or disposal; undergoing maintenance, repair, modification or service test; acquired by donations or any other method.

PRIME CONTRACT. Any contract which NASA enters into directly.

PROGRAM. A related series of undertakings which continue over a period of time (normally years), and which are designed to accomplish broad scientific or technical goals or increase knowledge in an area of space science or engineering. Program responsibility is assigned to the appropriate program office within NASA Headquarters.

PROGRAM AUTHORITY. An authorization to commit, obligate and expend funds for specific approved projects and activities within the limits of an Allotment Authorization (NASA Form 504) issued by the NASA Chief Financial Officer (CFO). The NASA CFO issues authority to the program offices who then reissue the authority to the Centers.

PROGRAM MANAGEMENT. The responsibility for making decisions with respect to the planned and actual execution of specific program objectives. Emphasis is placed on the technical, schedule, and cost objectives of the program, and the means to achieve them, including the appropriate use of Centers, contractors in industry and other Government agencies. Among the decisions to be made in program management in association with functional management are the decisions on what functional resources a program will utilize.

PROGRAM OPERATING PLAN (POP). A time phased projection of resource requirements in terms of planned rates of obligations (and in the case of major cost reimbursement contracts, of planned rates of cost accruals), submitted periodically by Centers to Officials-In-Charge of Program Offices, and by these officials to the NASA CFO. These estimates serve as a guide for resources and allotment authorizations, and provide a baseline for measuring performance and for future budget planning.

PROGRAM STOCK. Material acquired, by direct purchase or by issue from Stores Stock, for a specific program and stored until required by the program.

PROGRAM SUPPORT. Includes activities that contribute to the accomplishment of a program or project which are planned, budgeted, and authorized by a project manager and coordinated by a functional manager. Program support activities include civil service personnel and travel, support service contracts, supplies, equipment and minor contracts that are linked to a specific program.



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PROGRAM YEAR. The fiscal year in which a program is authorized.

PROJECT. Within a program, an undertaking with a scheduled beginning and ending, which normally involves one of the following primary purposes: (1) the design, development and demonstration of major advanced hardware items; (2) the design, construction and operations of a new launch vehicle (and associated ground support) during the research and development phase; and (3) the construction and operation of one or more aeronautical or space vehicles and necessary ground support in order to accomplish a scientific or technical objective. It is a basic building block in relation to the NASA program and represents varying aggregations of specific individual jobs or tasks, each of which is individually planned, approved, and managed at the appropriate level.

PROJECT APPROVAL DOCUMENT (PAD). A document which, when signed by the Administrator or designee, authorizes and directs the responsible designated official(s) to initiate and carry out a project within the scope defined in the document and within resources established through the NASA systems for resources authorizations and allotments.

PUBLIC VOUCHER. A prescribed form (SF 1034 or 1035) for vouchering both domestic and foreign disbursements for purchases and services other than personal. A claim against the government for payment of amounts due for purchases of goods and services other than personal.

REAL PROPERTY. Includes land, buildings, structures, utility systems, and improvements and appurtenances thereto permanently annexed to land. Also includes collateral equipment (i.e., building-type equipment, built-in equipment and large substantially affixed equipment).

REFUNDS. See Appropriation Refunds.

REIMBURSABLE OUTLAY. An outlay made for or on behalf of another agency, fund, or appropriation, or for a private individual, firm or corporation. The reimbursable cost of work done for public service agencies or the private sector shall be on an advance payment basis, except that reimbursement for such costs may be accepted on a progress payment basis or after completion of the work for state or local government agencies pursuant to an intergovernmental cost-sharing agreement, or for Federal grantees or subgrantees, when they are prohibited from advancing such funds (see FMM 9090).



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REIMBURSEMENTS. Amounts collected or to be collected for commodities, work, or services furnished or to be furnished to another appropriation or fund or to an individual, firm, or corporation, which by law may be credited to an appropriation or fund account. Amounts to be collected include accounts receivable, reimbursements earned but not billed and amounts anticipated for the remainder of the year. The amounts collected may also include interagency orders accepted and on hand, for which delivery has not been made, to the extent that the order is a valid obligation of the ordering agency and the collection will be credited to the appropriation being reported.

REIMBURSEMENTS ANTICIPATED. The amounts of reimbursements expected to be received for the performance of work, providing services, or procurement of material for others.

REIMBURSEMENTS EARNED. That portion of reimbursable orders from other agencies and customers for which the performance of service and delivery has been completed by the performing activity

RESOURCES AUTHORIZATIONS. See Program Authority.

RESOURCES AUTHORITY WARRANT (RAW). A NASA Form 506 approving the authorization of resources authority to commit, obligate and disburse funds available within the allotment authorization for the execution of approved projects and activities. (See Program Authority.)

REVENUE. The amount realizable from providing services or goods to others on a reimbursable basis and from miscellaneous and special fund receipts. See FMM 9260 for the types of revenue.

STANDBY STOCK. Material held for emergencies or other unspecified contingencies.

STATUTORY LIMITATION. An amount stated by Congress in an Authorization, Appropriation or other Act which establishes the maximum amount which may be used under the appropriation (or more than one appropriation) for a specified purpose, or other limitation of agency authority or operations which has the force and effect of law.

STORES STOCK. Material being held in inventory by a Center which is repetitively procured, stored and issued on the basis of recurring demand.

SUBAUTHORIZATION. An allocation of resources authority (NASA Form 506) issued by one Center to another documenting a request for work or services to be performed.

SUBCONTRACTS. Any contract entered into by a prime contractor and a supplier, distributor, vendor or firm to furnish supplies or services for performance of a prime contract.



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TEMPORARY DUTY TRAVEL. Travel to one or more places away from an assigned permanent duty station to perform duties for a temporary period of time and upon completion thereof return to the permanent duty station.

TRAVEL, INVITATIONAL. The travel of persons who are non-NASA employees but are acting in a capacity directly related to or in connection with NASA activities. The use of this authority is subject to limitations prescribed in FMM 9700.

TRAVEL, OFFICIAL. Travel assignments made solely in connection with the business of NASA or the Government. The term "travel" is related not only to movement from place to place but also includes entitlement to the use of quarters facilities, allowances, and certain transportation and reimbursable expenses incidental to travel, subject to conditions and limitations in FMM 9700. Delays for personal reasons or convenience, travel by circuitous routes, by modes of transportation other than authorized or approved, for additional distances, or to places in connection with personal affairs are not considered to be official travel.

UNEXPENDED APPROPRIATIONS. Amounts of spending authority at the reporting date that are either (1) unobligated and not lapsed, rescinded, or withdrawn or (2) obligated, but not yet expended (for example, undelivered orders).

UNFILLED CUSTOMERS ORDERS. The amount of reimbursable orders received by NASA from Government agencies and other customers for which costs have not been incurred.

UNFUNDED TRANSACTIONS. Includes cost-type transactions that have no effect on appropriated funds. Includes cost of goods and services transferred to or from NASA's Centers and other US Government agencies without reimbursement. See also FMM

9121-56 for additional information.

UNIQUE PROJECT NUMBER (UPN). A three-digit code assigned to each R&D and SFCDC project or nonprogrammatic activity, where applicable, which permits a direct relationship to the Budget Line Item (BLI) appearing in the Agency's justification material supporting the President's budget. See also FMM 9100 for additional information.

UNLIQUIDATED OBLIGATIONS. An obligation incurred for which disbursements have not been made. The obligation may consist of an accounts payable (for goods or services received) or an obligation for goods and services ordered but not yet received.

UNOBLIGATED BALANCE. That portion of an allotment which has not been obligated.

UNOBLIGATED COMMITMENTS. The outstanding commitments against a specific appropriation or fund, or allotment (i. e., commitments not yet obligated or cancelled).



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WORKYEARS. Workyear equivalents are computed by dividing the total hours compensated (includes regular hours, annual leave, sick leave, compensatory time used, and overtime, and excludes leave without pay) by 2,087 hours.



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FMM 9030 CRITERIA FOR RECORDING AND REPORTING COMMITMENTS

9031-1 PURPOSE

This chapter establishes the prerequisites for recording and reporting commitments. Commitments are the administrative reservation of funds based on firm requisitions, procurement requests, authorization to execute contracts, or other authorized written evidence which authorizes the creation of obligations without further recourse to the official responsible for certifying the availability of funds. Commitments are the sum of unobligated commitments and obligations incurred; that is, they are the cumulative amount of commitments incurred including adjustments to previously recorded commitments (Budget Administration Manual, NHB 7400.1, Appendix A).

9031-2 APPLICABILITY

The provisions of this chapter apply to the recording and reporting of commitments under all appropriations available to NASA for which commitment accounting is prescribed.

9031-3 REFERENCES

- a. The "Antideficiency Act," 31 USC 1341, 1351, 1501-1557.
- b. NASA Management Instruction (NMI) 9050.3_, Administrative Control of Appropriations and Funds.
- c. Federal Acquisition Regulation (FAR) Chapter 12, Subpart 12.401-403; Chapter 16, Subpart 16.202-207, 301-306, 501-503, 601-603 and 701; and Chapter 52, Subpart 52.2.

9031-4 NEED FOR COMMITMENT DATA

It is necessary in the management of resources to have data available on the authorizations issued to incur obligations in addition to information on obligations actually incurred, in order to know the balance of allotments and resources authority available to finance further program accomplishment. It is also desirable that financial reports to all levels provide full information as to the status of available resources authority in terms of the uncommitted as well as the unobligated balances. These data are necessary to enable management to evaluate the financial progress being made from month to month in carrying out programmed procurement and similar contractual type activities. They are also helpful in the process of review and justification of budgets, apportionment requests, reprogramming actions, and financial plans; and in the administration of funding programs.



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Moreover, the responsibility of Headquarters and field installations to maintain control over obligations and commitments to preclude violations of NASA Management Instruction 9050.3_ makes necessary a system for uniform recording and reporting of commitments.

9031-5 POLICY

- a. Commitments shall be recorded and certified in accordance with the provisions of this chapter. Since commitments are authorizations to incur obligations, the basic principles applicable to recording valid obligations are equally applicable to recording commitments. Therefore, commitments shall be incurred only for those proposed contracts to be entered into or orders to be placed for goods or services which shall be executed with a bona fide intent that the contractor, or other performing activity, commence work and perform the contract without unnecessary delay.
- b. The certification of commitments is not required for fund source 1 and 2 activity but the availability of funds must be verified before obligations are authorized. The verification of funds availability is also done at the obligation stage of the accounting process for store stock issues, Government Bills of Lading (GBL's) and carrier account activity. The certification of commitments is not required in the situations above but the verification of funds availability is required before the obligation is authorized and recorded.
- c. Generally, Headquarters and field installations shall have operating budgets, financial operating plans, or similar devices for controlling costs and obligations which would make formal commitment accounting unnecessary in the areas listed in sub-paragraph b.
- d. Commitments shall be recorded promptly against allotments, and other subdivisions of funds. In addition, commitments shall be recorded against the available and applicable resources authorization. Recorded commitments shall be adjusted promptly upon occurrence of any transaction which increases or decreases such commitments.
- e. The availability of allotments and resources authority shall be determined before a commitment is incurred or a change is made which increases the amount of the original commitment. A completed procurement request, certifying that funds are available, shall be required prior to committing the Government to contract for products or services.
- f. Commitment accounts and documents shall be maintained in accounting offices. Financial Management Officers are responsible for establishing procedures which will ensure the prompt receipt and control of the documentary evidence to support commitments. When necessary documentation is not received promptly, aggressive action shall be initiated to obtain it.



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9031-6 RESPONSIBILITIES

a. HEADQUARTERS

- (1) The NASA Comptroller, NASA Headquarters, has the responsibility for the overall administration of the provisions of this chapter.
- (2) The Director, Financial Management Division, NASA Headquarters, has the responsibility for the specific application of the provisions of this chapter.

b. OFFICIALS TO WHOM ALLOTMENTS AND RESOURCES AUTHORITY ARE ADDRESSED

- (1) The Director of each NASA installation is responsible for the administrative control of the installation allotments and resources authority and to ensure the adequacy of practices to preclude violations of 31 USC and carrying out their responsibilities contained in paragraph 6e of NMI 9050.3_.
- (2) Installation Financial Management Officers are responsible for the local administration of the provisions of this chapter, subject to the functional direction and supervision of the Director, Financial Management Division, NASA Headquarters.

9031-7 COMMITMENTS IN EXCESS OF AVAILABLE FUNDS

As provided in NMI 9050.3_, a directive or order authorizing an obligation to be incurred (i.e., commitment) in excess of available allotments and resources authorizations is a violation of that Instruction. Commitments shall not be incurred in excess of the available resources authorization at the level specified by the granting authority. The creation of commitments in excess of available resources authorization does not by itself necessarily constitute a violation of 31 USC 1341; however, the creation of commitments in excess of available resources authorization is subject to administrative discipline as provided in paragraph 8b, NMI 9050.3_.

9031-8 RECORDABLE COMMITMENTS AND DOCUMENTATION REQUIRED

- a. Commitments shall be recorded only on the basis of appropriate documentary evidence consisting of firm requisitions, procurement requests, authorizations to issue orders, or other authorized written evidence signed by authorized persons, having the effect of firm orders or authorizations to enter into specific contracts or other obligations. The commitment document shall include the specific amount of the commitment, the signature of the fund certifying official and the date the document was certified.
- b. Acceptable evidence of the existence of a commitment must meet all of the following requirements:
 - (1) Must be in writing;



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- (2) Must embody a certification by an accounting, financial management, or other authorized fund certifying official that sufficient funds are available to cover the obligation which is intended to follow;
 - (3) Must authorize the incurrence of an obligation without further approval by or recourse to the fund certifying official; and
 - (4) Must be released by the fund certifying official (i.e., pass from his control) to the procurement officer or other authorized person for the purpose of incurring an obligation against NASA.
- c. Written evidence that a valid commitment document exists is acceptable until a copy of the document as prescribed in subparagraph b above is received. In such instances, immediate action shall be taken to obtain the prescribed copy of the actual document. Written evidence may be a letter, telegram, other written communication, or a record of a telephone conversation signed by the individual certifying the availability of resources authority. Information must be included to support a determination that a valid recordable commitment does, in fact, exist. While specific details may vary, the following information should be included:
- (1) Number, date and type of commitment document,
 - (2) Actual or estimated amount of the obligation to be incurred,
 - (3) Quantity and brief description of the supplies or services being procured,
 - (4) Complete accounting classification, and
 - (5) Statement that certification of fund availability was made.
- d. An approved program, financial operating plan, or operating budget shall not be considered a commitment because each must be implemented by specific requisitions, purchase requests, or directives requiring commencement or procurement actions. Similarly, a commitment is not created if the authorizing document indicates that it is for planning purposes and the fund certifying official has not certified funds availability.
- e. Subauthorizations, other subdivisions of funds, and similar general funding devices are not commitments under the provisions of this chapter and shall not be so recorded.



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9031-9 CONTRACTS

- a. **CERTIFICATION OF FUND AVAILABILITY.** NASA Far Supplement, Chapter 18, Subpart 18-4.73 requires that there be a certification of fund availability before an obligation is incurred. A variety of documents are utilized on which to inscribe an accounting certification that indicates availability of funds. These documents, if they meet the criteria of this chapter, are valid support for recording commitments. The amount to be recorded as a commitment initially is the amount for which fund availability has been certified and is based on the cost estimate set forth in the commitment document.
- b. **AMOUNT TO BE COMMITTED.** Generally, in a simple procurement action the maximum amount of the obligation to be incurred appears on the commitment document (e.g., procurement request) and is the amount to be recorded as a commitment. When the exact amount of the related obligation is known (i.e., by receipt of the obligating document), the obligation is recorded and the balance of unobligated commitments is reduced. However, in a more complicated type of contract, such as one authorizing variations in the quantity to be delivered, there may continue to be a requirement for a commitment in excess of the obligation.
- c. **FIXED-PRICE AND LEVEL OF EFFORT TERM CONTRACTS.** A commitment for a proposed firm fixed-price contract, purchase order, or other proposed fixed-price agreement shall be recorded in the amount shown on the applicable commitment document and for which fund availability is certified. Upon receipt of the related obligating document, the unobligated commitment shall be reduced by the amount of the obligation.
- d. **FIXED-PRICE CONTRACTS WITH ECONOMIC PRICE ADJUSTMENT; INCENTIVE PROVISIONS; AND PROSPECTIVE OR RETROACTIVE PRICE REDETERMINATION;**
- e. A commitment for a fixed-price contracts with economic price adjustment, incentive provisions and prospective or retroactive price redetermination (see FAR 16.203-206) shall be recorded in the amount shown on the applicable commitment document and for which fund availability is certified. After the contract is executed, that portion of the ceiling or maximum price stated in the contract which does not constitute an obligation remains a commitment to the extent that there is a reasonable anticipation that an additional obligation will be ultimately incurred. The amount of such commitment need not be the maximum or ceiling price stated in the contract, but shall be the amount which may be conservatively estimated to be sufficient to cover the additional obligation which will materialize, based on judgement and experience, allowing also for contingencies of price revision downward.



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- f. For purposes of estimating and recording, the commitment records may treat the estimates covering price and quantity variances for several outstanding contracts under the same allotment as a single commitment item. This will avoid detailed recordkeeping for each commitment under each individual outstanding contract. Such records, if utilized, must be maintained in a manner that will facilitate audit.
- g. **COST-REIMBURSEMENT, TIME-AND-MATERIALS, LABOR-HOUR, AND LETTER CONTRACTS.** A commitment shall be recorded in the amount shown on the applicable commitment document and for which fund availability is certified. Upon receipt of the related obligating document, the balance of unobligated commitments shall be reduced by the amount of the obligation. In the case of an incrementally funded contract, the amount of fund availability certified and committed shall be the increment of the contract to be funded by the contemplated contractual document.
- h. **INDEFINITE-DELIVERY CONTRACTS AND AGREEMENTS.** These include definite and indefinite quantity contracts, requirements contracts, and basic ordering agreements (see FAR 16.501-504 and 16.7). Commitments shall be recorded under these contracts or agreements (when items, prices, or quantities are not specified, but are to be the subject of subsequent orders) as follows:
 - i. If the contract indicates the funds to be charged and if the incurrence of the obligation is authorized without further recourse to a fund-certifying official, a commitment shall be recorded in the estimated amount of the obligation to be eventually incurred under the contract. The amount of the estimate may be set forth specifically in the contract or in the related procurement directive or purchase request which bears the certificate of fund availability. The requirement for an authorization to incur an obligation will be satisfied if the contract or other authorizing document provides (1) authority to incur an obligation, or (2) an authorization to issue the authority to incur an obligation. Commitments initially recorded under provisions of this subparagraph shall be reviewed at frequent intervals. If a retarded rate of obligation under the contract results in excessive unobligated commitments, the financial management officer shall request appropriate officials to reevaluate their requirements under the contract with a view to authorizing an adjustment to be made in the amount committed.
 - j. If a reasonably firm estimate of requirements under the contract is not established as evidenced by a certificate of fund availability or contractual provisions, or in case of a specific contractual provision which precludes such recording, a commitment shall be recorded only upon issuance of an appropriate authorization to order specific items and quantities. For example, if the contract merely provides that required quantities will be ordered from a specified contractor when and if needed, a commitment shall not be recorded in excess of any stated minimum order until funds are certified on the purchase request relating to the specific order.



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- k. **CONTRACTS AUTHORIZING VARIATION IN QUANTITIES.** If it is anticipated at the time the contract is executed that accepted deliveries may exceed the quantity specified in the agreement, an unobligated commitment shall be retained for the amount of such anticipated excess deliveries (see FAR 12.401-403). The amount to remain as an unobligated commitment shall be based on judgement and will not necessarily be equal to the amount of the maximum allowable deliveries. (See subparagraph d(2).)
- l. **SOLICITATION PROVISIONS AND CONTRACT CLAUSES.** When the executed contract provides for subsequent "provisioning" (i.e., identifying and ordering the specific parts at a later date), the estimated cost established in the contract clause (although not an obligation until definitized) shall be retained in the records as an unobligated commitment (see FAR 52.2).
- m. **CONTRACT AMENDMENTS AND MODIFICATIONS.** An authorization to amend or modify a non-incrementally funded contract shall be recorded as a commitment at the time of the certification of fund availability in the amount of the estimated cost of such amendment or modification. Where the authorization is to amend or modify an incrementally funded contract, only those amendments or modifications which add funds in addition to the previously funded increment shall be certified for fund availability and committed. The commitment recorded shall be in the amount of the additional funding.

9031-10 INTERAGENCY ORDERS

Commitments relating to interagency orders shall be recorded at the time the applicable provisions of FMM 9031-8 are met.

9031-11 IMPLEMENTATION

Two copies of any instruction issued by field installations in implementation of this Chapter will be forwarded to the Director, Financial Management Division, NASA Headquarters.



FMM 9040 CRITERIA FOR RECORDING AND REPORTING OBLIGATIONS

9041-1 PURPOSE

This chapter establishes the prerequisites for recording and reporting obligations. Obligations (OMB Circular No. A-34, Part II, Section 21 and GAO Policy and Procedures Manual, Title 2, Appendix I, Accounting Principles and Standards) are amounts of orders placed, contracts awarded, services received, and similar transactions for bona fide needs existing during a given period that will require payments during the same or a future period and that comply with applicable laws and regulations. Such amounts will include outlays for which obligations had not been previously recorded and will reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations.

9041-2 APPLICABILITY

The provisions of this chapter apply to the recording and reporting of obligations under all appropriations available to NASA Installations.

9041-3 REFERENCES

- a. The "Antideficiency Act," 31 USC 1341, 1351, 1501-1557.
- b. USC 1349 and 1350.
- c. The National Aeronautics and Space Act of 1958, as amended (42 USC 2451-2477).
- d. Principles of Federal Appropriations Law, June 1982, U.S. General Accounting Office.

9041-4 POLICY

- a. Obligations shall be recorded in accordance with the provisions of this chapter. In recording obligations, the following principles shall be applied:
 - (1) Contracts entered into or orders placed for goods or services shall be executed only with a bona fide intent that the contractor or other performing activity commence work and perform the contract without unnecessary delay.
 - (2) The balance of an appropriation limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly executed within that period of availability.



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- (3) A provision of law requiring that the balance of an appropriation or fund be returned to the general fund of the Treasury at the end of a definite period does not affect the status of lawsuits or rights of action against that balance.
 - (4) Goods or services required pursuant to contracts
 - (5) entered into or orders placed obligating a one-year appropriation must serve a bona fide need existing in that fiscal year, unless an exception is specifically authorized by law. Currently, NASA's one-year appropriation specifically authorizes a period of performance not exceed the next fiscal year for contracts for training, investigations, costs associated with personnel relocation, and for other services.
 - (6) A multi-year appropriation for goods or services required pursuant to contracts entered into or orders placed is available for a definite period in excess of one fiscal year. Except for the extended period of availability, multi-year appropriations are subject to the same principles applicable to annual appropriations.
 - (7) A no-year appropriation for goods or services required pursuant to contracts entered into or orders placed is available without fiscal year limitations. All statutory time limits as to when the funds may be obligated and expended are removed, and the funds remain available for these original purposes until expended.
- b. The availability of Allotments and Resources Authority shall be determined before an obligation is incurred and before a change is made to a contract, purchase order, or other document which increases the amount of the original obligation. The availability of Allotments, with appropriate reservation of Resources Authority in the projects expected to derive benefits, is required for carrier account operations. In certain cases, however, the determination of the availability of Allotments and Resources Authority for each transaction prior to the release of obligating documents may not be practicable (e.g., the issuance of numerous minor purchase requests by authorized persons located considerable distances from financial management offices). In these instances, special procedures may be established to meet the particular local requirement provided such procedures include adequate safeguards to ensure the availability of Allotments and Resources Authority to cover the transactions. Two copies of any special procedures developed shall be furnished to the Director, Financial Management Division, NASA Headquarters for approval.
 - c. Once having been incurred, an obligation shall be recorded promptly against the applicable Allotments and Resources Authority whether or not a sufficient balance is available. An overobligation of available Allotments or Resources Authority under the provisions of NMI 9050.3_ exists even though the obligation is not recorded.



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- d. Recorded obligations shall be adjusted promptly for increases or decreases upon receipt of documentary evidence, such as a paid voucher, indicating a requirement for adjustment.
- e. An obligation which is established and liquidated simultaneously by a disbursement shall be recorded in the same manner as an obligation which is recorded prior to disbursement.
- f. A contingent liability is not recordable as an obligation under the provisions of this chapter. (See FMM 9041-16c for recording a liability under pending litigation.)
- g. Each Financial Management Officer shall establish procedures which will ensure the prompt receipt and control of the documentary evidence to support obligations when complete documentation is not received promptly. Aggressive action shall be initiated to obtain such documentation. (See also FMM 9041-6o and p.)

9041-5 RESPONSIBILITIES

a. HEADQUARTERS

- (1) The Comptroller, NASA Headquarters, has the responsibility for the overall administration of the provisions of this chapter.
- (2) The Director, Financial Management Division, NASA Headquarters, has the responsibility for the specific application of the provisions of this chapter.

b. OFFICIALS TO WHOM ALLOTMENTS AND RESOURCES AUTHORITY ARE ADDRESSED

- (1) Officials to whom Allotments and Resources Authority are addressed are responsible for ensuring the adequacy of their administrative control practices to preclude violations of 31 USC 1341 and carrying out their responsibilities contained in paragraph 6e of NMI 9050.3_.
- (2) Installation Financial Management Officers are responsible for the local administration of the provisions of this chapter, subject to the functional direction of the Director, Financial Management Division, NASA Headquarters.

9041-6 RECORDABLE OBLIGATIONS AND DOCUMENTATION REQUIRED

- a. No amount may be recorded as an obligation unless supported by documentary evidence of:



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- (1) A binding agreement in writing between the parties thereto, including Government agencies, in a manner and form and for a purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation concerned, for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed; or
 - (2) A valid loan agreement, showing the amount of the loan to be made and the terms of repayment; or
 - (3) An order required by law to be placed with a Government agency; or
 - (4) An order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies or within specific monetary limitations; or
 - (5) A grant or subsidy payable (a) from appropriations made for payment of or contributions toward sums required to be paid in specific amounts fixed by law or in accord with a formula prescribed by law, or (b) pursuant to agreement authorized by, or plans approved in accordance with and authorized by, law; or
 - (6) A liability which may result from pending litigation brought under authority of law; or
 - (7) Employment or services of persons or expenses of travel in accordance with law, and services performed by public utilities; or
 - (8) Any other legal liability of the United States against an appropriation legally available therefor.
- b. The amount evidenced by a contractual document is not recordable as an obligation until the document meets all of the following requirements:
- (1) Signed by the contractor or other performing agency when required,
 - (2) Signed by an authorized representative of NASA,
 - (3) Approved administratively when required, and
 - (4) Mailed or otherwise delivered to the contractor or other performing agency.
- c. The dates of all signatures and approvals shall be shown on the document and shall not be given as an "as of" date. The date of mailing or other delivery of the contract determines the date the obligation is incurred. For recording purposes except at the end of the fiscal year, delivery may be assumed to have occurred on the date of the last required signature. However, only those contracts actually mailed or otherwise delivered prior to the close of a fiscal year may be included as obligations in the September 30 reports.



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- d. "Mailed or otherwise delivered," as used above, means the documents have been placed in United States (or other Government) official postal channels, placed with a publicly recognized messenger service, or handed to the recipient. Placing documents in administrative services' mail or messenger channels is not sufficient. Special postal arrangements may be necessary to ensure that obligating documents processed at fiscal year-end are deposited in official mail channels before the close of the fiscal year.
- e. An amount is not recordable as an obligation when supported only by a verbal order or agreement. A verbal order or agreement must be documented in writing and conform to the applicable provisions of this chapter before the obligation may be recorded. If goods are received and accepted, the receiving report may be used as the documentary evidence for recording the obligation up to the amount of such delivery.
- f. The provisions of the document and the nature of the transaction involved must be considered carefully in determining when an obligation has been incurred and in what amount.
- g. A procurement directive, obligation authority, administrative commitment document, citation-of-funds, or other document which serves only to administratively reserve funds for specific use does not constitute documentary evidence of an obligation.
- h. A contractual document with provision for a cash discount to be taken for payment within a specified time shall be recorded as an obligation in the gross amount rather than at the net amount after deducting the anticipated discount.
- i. The value of a contractual document with specific provisions for termination prior to performance without cost or liability to the Government is not recordable as an obligation until after the Government's right to terminate can no longer be exercised. The obligation is incurred at the time the Government can no longer cancel the contract without incurring a liability.
- j. Certain contractual documents provide that performance will begin only upon the occurrence of a future event. If the event is uncertain (e.g., enactment of the appropriation for a subsequent fiscal year), the obligation cannot be recorded until the actual occurrence of the event that causes the agreement to be binding takes place. If the future event is certain (e.g., issuance of a notice to proceed to begin work on an already existing contract), the obligation will be recorded at the time the contract is executed, not when the notice to proceed is issued.



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- k. The dollar amount of an obligation to be recorded for a contractual document payable in foreign currency shall be computed on the basis of the lowest available legal exchange rate on the date the contract is executed, unless the terms of the contract provide for the use of a different exchange rate. If there is a reasonable basis for expecting a change in the legal rate of exchange or if a change in the rate subsequently takes place, the obligation shall be based on the rate anticipated to be in effect when payments are to be made under the contract. The obligation shall be reviewed quarterly and adjusted accordingly.
- l. A signed or reproduced copy of the document which obligates NASA, or a certified true or confirmed copy thereof, shall be retained in the accounting files to support the obligation. Where purchase orders or other documents are prepared on a reproducible master, the reproduced signature is acceptable; also, legible carbon copy signatures will be accepted when provided for by local practice. Each signed or reproduced copy of the signed contract or modification that is intended to have the same force and effect as the signed original shall be marked "Duplicate Original".
- m. A written administrative determination may constitute the supporting documentation for an obligation relating to personal services, travel or related transportation, a grant, public utility service, an amount due periodically under a rental or lease agreement, or any similar transaction. When the contract or other document supporting an obligation provides for a series of payments to be made and a separate purchase or delivery document is not available, a written administrative determination will be placed in the files to substantiate the recording of each accrued unpaid item. The written administrative determination shall include a description of the transaction, refer to the document which initially authorized the transaction, and be approved by an official authorized to make such determinations. The written administrative determination, may be prepared on or made a part of a miscellaneous obligation document (MOD).
- n. When supplies are ordered utilizing automated procedures, the recording of the obligation may be based on a signed summary printout of the documents, provided other applicable requirements of this chapter are met. The printout shall be in auditable form, verified for correctness, and approved by an authorized individual.
- o. When, after proper authorization, an obligation is executed by an installation for another installation which is responsible for accounting for the obligation, the performing installation shall provide the necessary documentation to the Financial Management Office of the accounting installation in a timely manner so that the transaction can be promptly recorded.
- p. Written evidence that a valid obligating document exists is acceptable until a copy of the document as prescribed in subparagraph l. above is received. In such cases, immediate action shall be taken to obtain the prescribed copy of the actual document. The actual obligating document should be in the possession of the certifying officer prior to payment.



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In any event, the document shall be in the possession of the Financial Management Officer prior to submission of the "Certification of Obligations", as of September 30, which is required by FMM 9391. Written evidence that the obligating document exists may be a letter, telegram, or other written communication from the individual having physical possession of the valid obligating document, or a record of a telephone conversation with the person, signed by the individual receiving the communication. Information must be included to support a determination that a valid recordable obligation does exist. While specific details may vary, the following information should be included:

- (1) Number and type of obligating document,
- (2) Date of the last required signature on the obligating document,
- (3) Contractor's name and address,
- (4) Amount of the obligation,
- (5) Quantity and brief description of the supplies or services being procured,
- (6) Complete accounting classification, and
- (7) Statement that all required signatures have been obtained and delivery or mailing of the document accomplished.

9041-7 CONTRACTS

Obligations for contracts shall be recorded as follows:

a. **FIRM-FIXED PRICE AND LEVEL OF EFFORT TERM CONTRACTS.**

An obligation shall be recorded when the contract is executed for the total amount stated. (See Federal Acquisition Regulations [FAR] 16.202 and 16.207.)

b. **FIXED-PRICE CONTRACTS WITH ECONOMIC PRICE ADJUSTMENT; PROSPECTIVE OR RETROACTIVE PRICE REDETERMINATION; INCENTIVE PROVISIONS.**

An obligation shall be recorded when the contract is executed for the amount of the fixed price stated in the contract or the target price in case the contract includes an incentive clause, even though the contract may contain a ceiling price in a larger amount. The amount so recorded shall be increased or decreased in the amounts provided in amendments to the contract. These contracts are described in the FAR 16.203-16.206.

c. **COST-REIMBURSEMENT CONTRACTS.**



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Cost-reimbursement contracts include cost-no fee, cost-sharing, cost-plus-incentive-fee, cost-plus-award-fee, and cost-plus-fixed-fee contracts as described in the FAR 16.301-16.306. An obligation shall be recorded when the contract is executed for the amount of the total estimated cost or payment provided in the contract, but not in excess of the maximum liability stated therein (e.g., limitations on the Government's liability in a cost limitation or incremental funding clause), including the fixed fee in the case of a cost-plus-fixed-fee contract, the target fee in the case of a cost-plus-incentive-fee contract, and the base fee plus an amount for the award fee not in excess of the maximum fee stated in the schedule in the case of a cost-plus-award-fee contract. The amount so recorded shall be increased or decreased in the amount provided by an amendment to the contract, or a unilateral revision of an award fee estimate made by the contracting office. Any fee awarded in excess of the target fee in the case of a cost-plus-incentive-fee contract shall be recorded as an obligation at the time the administrative determination to award the larger fee is mailed or otherwise delivered to the contractor. The amount of the obligation established for a cost-plus-award-fee contract shall be adjusted at the time the actual award is determined and the contractor notified. In any of these cases, if the contract is incrementally funded, the amount obligated shall always be the funded increment. (See FMM 9041-12a (1)).

d. INDEFINITE-DELIVERY TYPE CONTRACTS.

Indefinite-delivery type contracts include definite and indefinite quantity contracts and requirements contracts as described in the FAR 16.501. Where the quantity required under a contract or agreement is indefinite, the ultimate amount of the obligation is determined by subsequent orders; however, the amount of any required minimum order specified in the contract shall be recorded as an obligation upon execution of the contract. An order in excess of the required minimum which does not have to be accepted by the contractor under the terms of the agreement and which is placed within the time period specified, shall be recorded as an obligation when issued in the amount of the price stated in the order. An order in excess of the required minimum which has to be accepted by the contractor under the terms of the agreement shall be recorded as an obligation upon acceptance of the order in the amount of the agreed price. In the case of services, the written evidence may be a consolidated periodic listing of work orders (at least monthly) issued to the contractor showing the estimated dollar amount of each.

e. CONTRACTS AUTHORIZING VARIATIONS IN QUANTITIES.

Regardless of the variation permitted, an obligation shall be recorded when the contract is executed for the price of the quantity specified for delivery. The amount so recorded may be increased or decreased to reflect the quantity actually delivered and accepted depending on the terms of the contract. Standard Variation in Quantity Clauses are discussed in the FAR 12.401-12.403.

f. TIME-AND-MATERIALS, LABOR-HOUR, AND LETTER CONTRACTS .



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A time-and-material contract provides for acquiring supplies or services on the basis of direct labor hours at fixed rates (i.e. wages, overhead, general and administrative expenses) and materials at cost. The labor-hour contract is a variation of the time-and-material contract, differing only by materials not being supplied by the contractor. An obligation is recorded when the contract is executed for the amount of the total estimated cost or payment provided in the contract. The use of a letter contract requires advance Headquarters authorization. If authorized, the letter contract is signed by the contracting officer and then mailed to the contractor for acceptance. The obligation is incurred for a letter contract when the contractor accepts NASA's offer by signing the contract and then mailing or otherwise delivering that acceptance to NASA. The obligations shall be recorded in the maximum amount for which the Government will be liable (see FAR 16.601-16.603).

g. SOLICITATION PROVISIONS AND CONTRACT CLAUSES.

A contract for an end item may contain a clause which requires the selection, at a later date, of specific initial support requirements to maintain the end item during the initial phase. Contract items which require selection at a later date, ("definitization" or "provisioning") include spare parts, special tools, test and ground handling equipment, and training aids (see FAR 52.2). The obligation for such provisioned items shall be promptly recorded when evidenced by one of the following documents:

- (1) An exhibit setting forth the identity, quantity, and price of the items incorporated into the contract.
- (2) A signed provisioning order incorporating by reference the approved list, that is, a production list, design change list to the provisioning order, written order of provisioning items, etc., which sets forth the identity and quantity of the provisioned items ordered from the contractor pending incorporation into the contract. The provisioning order must show what constitutes final approval of the work to be performed or the goods to be delivered. The amount obligated shall be the total estimated cost of the listed items.

h. NOTICE OF AWARD.



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After bids are publicly opened, an award will be made with reasonable promptness to the responsible bidder which will be most advantageous to the government. When a notice of award (as authorized in the FAR 14.407-1) is issued, the notice shall be followed as soon as possible by the formal award. A notice of award may be in the form of a letter or telegram etc., which documents the acceptance by NASA of the bidder's offer. If the terms of the offer (including the terms of any other document specifically incorporated therein by reference) sets forth all the terms which otherwise would be required in a formal contract, the offer may be accepted by a notice of award; and, if the acceptance is clear and unqualified, a binding agreement between the parties results. In such event an obligation, in the amount set forth in the offer, arises upon issuance of the notice of award; and the offer, coupled with the notice of award, constitutes the documentary evidence supporting the obligation.

i. **SMALL BUSINESS ADMINISTRATION CONTRACTS.**

For purposes of this paragraph, an agreement between NASA and the Small Business Administration (SBA) made pursuant to Sec. 8(a) of the Small Business Act (15 USC 631 et. seq.) and in accordance with the FAR 19.801 and the NASA FAR Supplement (NFS) 18-19.801 shall be treated as a firm contract and will be recorded as an obligation in accordance with the criteria in subparagraphs a. through h. above, as applicable. The obligation amount can only include NASA appropriated funds.

9041-8 INTERAGENCY ORDERS

An order for specific goods or services placed with another Government agency shall be recorded as an obligation in accordance with the following:

a. **ORDERS PLACED WITH ANOTHER GOVERNMENT AGENCY ON A REIMBURSABLE BASIS**

Except for those orders prescribed in subparagraphs b. through d. below, a firm and complete order for goods or services placed on a reimbursable basis by NASA with another Government agency shall be obligated in the amount of the order when (1) accepted in writing by the performing agency or (2) when written acceptance cannot be obtained, but evidence is available that the order was placed by an authorized person and that the goods or services were, or are to be, delivered.



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A major source of authority for interagency agreements is the Economy Act, 31 USC 1535 and 1536. An Economy Act agreement is recorded as an obligation the same as any other contract. However, Economy Act agreements are subject to one additional requirement. Under 31 USC 1535, the period of availability of funds transferred pursuant to an Economy Act agreement may not exceed the period of availability of the source appropriation. For orders chargeable to those appropriations expiring in the current year and placed under the authority of the Economy Act a deobligation is required at the end of the fiscal year to the extent that the performing agency has not incurred a valid obligation. If the order is not governed by the Act, the order constitutes an obligation equal to the work completed or contracts awarded by the performing agency.

b. ORDERS REQUIRED BY LAW TO BE PLACED WITH ANOTHER GOVERNMENT AGENCY.

Certain orders are required by law to be placed with Government agencies and activities:

- (1) The Federal Prison Industries, Inc. (18 USC 4124).
- (2) The Committee for Purchase from the Blind and Other Severely Handicapped (41 USC 46-48c).
- (3) The Government Printing Office (44 USC 501, 502, 504 and 1121).
- (4) The General Services Administration (34 Comp. Gen. 705)

The amounts of these orders shall be recorded as obligations when the orders are issued. Those obligations recorded against an expiring appropriation need not be decreased at the end of the fiscal year even though the performing agency may not have incurred supporting obligations under the order. All such orders must definitely authorize the performing agency to proceed with a particular task.

c. ORDERS INVOLVING DELIVERIES OF STOCK PROCURED FROM ANOTHER GOVERNMENT AGENCY.

The recording of an amount as an obligation, where the order (other than one required by law to be placed with one of the agencies or activities listed in subparagraph (b) above) is placed on another Government agency for items procured and normally carried in stock by such agency, depends largely on the capacity in which the supplying activity functions with respect to the particular transaction (see 32 Comp. Gen. 436):

- (1) If the order involves common-use standard stock items that the supplying activity has on hand or on order for prompt delivery at published prices, the obligation is incurred at the time the order is placed by the requisitioning activity.



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- (2) If the order involves stock items other than those referred to in (1) above, the obligation is incurred by the requisitioning activity at the time of issuance of a formal notification from the supplying activity that such items are on hand or on order and will be released for prompt delivery.
- (3) If the order requires execution of a specific contract by the supplying activity, the obligation is incurred by the requisitioning activity at the time the contract is entered into by the supplying activity.

d. ORDERS PLACED FOR A NASA INSTALLATION BY ANOTHER GOVERNMENT AGENCY.

An order placed for a NASA Installation (ultimate beneficiary) by another Government agency chargeable to the ultimate benefiting Installation shall be recorded as an obligation by the ultimate benefiting Installation at the time the specific contract is entered into by the ultimate supplying activity which let the contract (see 31 USC 1535).

9041-9 PURCHASE ORDERS

- a. A purchase order issued in accordance with FAR Part 13, (orders of \$25,000 or less for supplies or services not placed against an established contract or with Government services of supply) constitutes an obligation when unilaterally signed by a contracting officer.
- b. A purchase order issued in accordance with NFS 18-13.5, constitutes an obligation when issued if the purchase order accepts a binding written offer made by a vendor to sell specific goods or to furnish specific services at a specific price.
- c. A purchase order that requires acceptance by the vendor will be recorded as an obligation when evidence of written acceptance is received. Delivery of the item purchased will constitute acceptance, in lieu of written acceptance, but only to the extent that the delivery is accomplished during the period of availability of the appropriation or funding cited on the purchase order. If delivery is accepted subsequent to the period of availability, a new or current funding citation must be provided on an amended purchase order. An inadvertent payment from expired funds will be adjusted by transferring the charges to the correct fiscal year on a correction voucher.



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9041-10 COMMUNICATION, UTILITY SERVICES, RENTS AND POSTAGE

a. UTILITY SERVICES AND COMMUNICATIONS

- (1) An obligation for recurring charges for utility services and communications will be recorded each month or as required based on a written administrative determination of the estimated cost of the service that will be furnished during the month. The obligation will be adjusted on receipt of an invoice or paid voucher or other documentary evidence indicating the need for changing the amount recorded.
- (2) An obligation for utility services or communications for which a specific contract is issued at a specified cost shall be recorded in accordance with FMM 9041-7.

b. RENTAL AGREEMENTS, LEASES, AND CAPITALIZED LEASES.

The amount recorded as an obligation shall be based on the agreement or lease or on a written administrative determination of the amount due.

- (1) Under a rental agreement which may be terminated by the Government at any time without notice and without incurring any obligation to pay termination costs, the obligation shall be recorded each month in the amount of the rent for that month.
- (2) Under a rental agreement providing for termination without cost upon giving a specified number of days notice of termination, an obligation shall be recorded upon execution of the agreement in the amount of rent payable for the number of days notice called for in the agreement. In addition, an obligation shall be recorded each month in the amount of the rent payable for that month. When the number of days remaining under the lease term equals the number of days that advance notice is required for termination, no additional monthly obligation shall be recorded.
- (3) Under a rental agreement providing for a specified termination payment, an obligation amount shall be recorded upon execution of the agreement. In addition, an obligation shall be recorded each month in the amount of the rent payable. When the remaining rent payable under the terms of the agreement equals the amount of the obligation recorded for the payment specified in the event of termination, no additional monthly obligation shall be recorded.
- (4) Obligations for a capitalized lease (see FMM 9259 for recording requirements) shall be recorded at the time of the lease's execution in the total amount of lease payments, including interest, specified in the agreement.



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c. **POSTAGE.**

An obligation shall be recorded each month based on an estimate of the billing to be received. The obligation shall be adjusted based on the actual billing received. In the event advance payment for penalty mail is required, the obligation shall be based on the advance billing. Stamps purchased shall be obligated at the time payment is made.

9041-11 COMBINATIONS OF DIFFERENT TYPES OF CONTRACTS OR AGREEMENTS

Since a contract or agreement may include a combination of two or more of the provisions of the different types of contracts or agreements described herein, an obligation shall be recorded in accordance with the particular provision or element concerned. For example, one element of a contract or agreement may be recordable immediately while another may require further action or processing before the element may be recorded. The total amount to be recorded as an obligation shall be the sum of the amounts arrived at as appropriate for each element.

9041-12 ADJUSTMENT OF ORDERS, AGREEMENTS, AND OTHER CONTRACTUAL DOCUMENTS

a. **AMENDMENTS AND MODIFICATIONS.**

The adjustment of an obligation required by a contract amendment or modification shall be recorded as follows:

(1) Incrementally Funded Contracts.

An incrementally funded contract provides for performance within an estimated total cost and fee, and provides initial funding which is less than the total estimated cost and fee. This type of contract also provides that the liability of the Government is limited to the amount of the funding which will be incrementally placed on the contract. Thus the Limitation of Funds clause required by FAR 32.705-2(c) for cost reimbursable contracts and NFS 18-32.705-270(a) for fixed-price contracts serves to limit the amount to be recorded as an obligation under an incrementally funded contract. Each increment of funding added to the contract raises the liability of the Government and creates an obligation in the amount of the increase up to, but not exceeding the amount that would be recordable as an obligation if the clause were not in the contract. Adjustments of obligations under incrementally funded contracts are subject to the following requirements and limitations:

- (a) An obligation may be recorded for the contract up to the amount of the total estimated cost and fee.



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- (b) Incremental funding may be added to the contract and recorded as an obligation in any amount up to the amount of the total estimated cost and fee. Any change order issued under an incrementally funded contract which adds funding to the contract shall be recorded as an obligation upon issuance.
- (c) Unless the contract states otherwise, the amount of the funding increment is not related to any individual item in the contract.
- (d) At any point in time when the incremental funding to the contract equals the total estimated cost and fee, the contract is no longer considered to be an incrementally funded contract; see provisions of subparagraph (2) (b) below.

(2) Non-incrementally Funded Contracts.

- (a) An obligation recorded under a contract which is not incrementally funded, shall be adjusted by the amount provided in a bilateral amendment or modification.
- (b) A written unilateral order or contract change (issued pursuant to a clause, such as the Changes-Fixed Price clause in FAR 52.243-1) which is binding on the contractor is a modification of the contract when issued. Any change in the total estimated cost of the contract will be indicated on a copy of the order for use in recording the increase or decrease in the amount of the previously recorded obligation. The amount of the order is subject to further adjustment for those excess costs incurred as a result of termination.
- (c) The maximum amount for which the Government will be liable under a letter contract may be increased by unilateral action of the Government. Therefore, an obligation will be recorded when the contractor is notified that the stated amount of the Government's maximum liability has been increased.
- (d) The amount of recorded obligations shall be increased or decreased based on amendments or supplemental agreements issued for the correction of a mistake or the formalization of an informal agreement authorized by determinations made pursuant to 50 USC 1431-1435.
- (e) An obligation resulting from a contingency clause or a clause involving excess costs incurred as a result of termination shall be recorded on the basis of the contractual document. If an amendment to the contract is not required, the obligation shall be recorded when the event fixing the amount of the liability under such contingency provision occurs and is supported by appropriate documentary evidence.
- (f) An adjustment, due to a contract amendment or modification even if made in a subsequent fiscal year, will be charged against the appropriation initially obligated when the contract was awarded, provided that:



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- 1 The amendment or modification was specifically authorized in the original contract, and, does not
- 2 increase the quantity of items ordered, or,
- 3 cover additional items of services, supplies, or costs not provided in the original contractual agreement, or,
- 4 otherwise change the scope of the contract and result in a new procurement.

An adjustment of this nature may be based on a price redetermination, change in specification, or engineering or other change necessitating price adjustment. If a transaction is funded under a one year appropriation the adjustment will be made against the appropriation initially obligated. If funded under a no-year appropriation, the adjustment shall be charged or credited to currently available funds (see FMM 9230-4 for the program year to be charged). However, if the transaction is funded under a multi-year appropriation, the adjustment shall be charged or credited to the balance of the appropriation only for obligations properly incurred during the period of availability or to complete a contract properly made within that period of availability.

- (g) If a contract, purchase order, or other obligating document is increased in a subsequent fiscal year by an order, supplement, or amendment which increases the quantity of items ordered or covers additional items of services, supplies, or costs not provided in the original contractual agreement, such increase shall be charged to currently available funds.
- (h) An obligation for a contingency item, as described in FMM 9041-7h. shall be evidenced by a signed copy of the order setting forth the specific service to be performed or item to be provided. In the event the order does not contain pricing information, the accounting copy shall be priced and serve as documentary evidence for the recording of the obligation.

b. ANTICIPATED PRICE REDUCTION.

The amount of an obligation on a fixed price contract with an economic price adjustment, price redetermination, or incentive provision may be decreased unilaterally by NASA upon a written determination by the contracting officer that the anticipated liability under the contract can be reduced. A deobligation may also be processed based on a written joint agreement between the contracting officer and the contractor.



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c. TERMINATION OF CONTRACTS AND AGREEMENTS.

When a contract or agreement is terminated in whole or in part by the Government by the giving of a Notice of Termination to the other party, the amount obligated under the contract shall be adjusted to an amount sufficient to cover the settlement costs under the termination. Obligations shall not be decreased below the estimate of the contracting officer, based on the best evidence then available, of the amount due as a result of the termination. As termination proceeds, the contracting officer shall periodically redetermine the Government's probable liability; based on appropriate documentation, the amount of the obligation should be adjusted.

d. FURNISHING OF ITEMS BY NASA TO CONTRACTORS.

When a contract initially provides that certain items will be procured by the contractor and it later becomes necessary or advantageous for NASA to supply the items, a contract modification shall be executed to reduce the contract amount. The amount of the obligation shall be reduced accordingly. Loan of equipment by NASA to a contractor may require similar action.

e. OTHER LIABILITIES

(1) Liability Arising Under an Indemnification Clause.

A liability arising from an indemnification clause shall be recorded as an obligation only when the Government's liability is clearly established. If liability is admitted for a portion of the claim, an obligation is incurred only for that portion.

(2) Liability Arising Under an Appeal from the Contracting Officer's Decision Under the Disputes Clause

- (a) A contract dispute arising from a claim filed by the contractor must first be submitted to the contracting officer for consideration under the Contract Disputes Act of 1978 (41 USC 601-613). If the contracting officer denies the claim, a liability arising from an appeal filed by the contractor shall be recorded as an obligation only when the Government's liability is clearly established. The obligation will include simple interest on the amount of the claim finally determined owed by the Government and payable to the contractor. Such interest shall be at the rate established by the Secretary of the Treasury pursuant to Public Law 92-41 from the date the contractor furnishes to the contracting officer his written appeal pursuant to the disputes clause of the contract, to the date of (1) a final judgment by a court of competent jurisdiction, or (2) mailing to the contractor of a supplemental agreement for execution either confirming negotiations between the parties or carrying out a decision of a Board of Contract Appeals.



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- (b) Although subparagraph (a) above states that interest was included with the obligation when the government liability had been established, interest shall be applied only from the date payment was due, if such date is later than the filing of the appeal; and interest shall not be applied for any period of time the contracting officer determines the contractor has unduly delayed pursuing available remedies before a Board of Contract Appeals or a court of competent jurisdiction.

9041-13 PERSONAL SERVICES AND BENEFITS

An obligation for personal services and related costs shall be evidenced by payroll documentation, or other written administrative determination. The obligation for personal services shall be based on personnel records and shall be recorded in the month the services are performed. In the event a payroll period covers portions of two calendar months, the proportionate amount accruing within each month shall be recorded as an obligation applicable to that month.

a. PERSONAL SERVICE CONTRACTS.

The obligation recorded in each month shall be the estimated amount earned during that month under the provisions of the contract.

b. CIVILIAN EMPLOYEE'S SALARIES.

The obligation recorded in each month shall be the gross amount earned by the employees during that month.

c. ACCRUED ANNUAL LEAVE.

Accrued annual leave shall be recorded as an obligation in the month the employee terminates employment. The leave will not be recorded as an obligation until the leave becomes due and payable as terminal leave.

d. CONTRIBUTIONS FOR FEDERAL EMPLOYEES' GROUP LIFE INSURANCE, FEDERAL EMPLOYEES' HEALTH BENEFITS, FICA TAXES, AND CIVIL SERVICE AND FEDERAL EMPLOYEES RETIREMENT SYSTEMS.

The obligation recorded for each of these items in each month shall be the estimated liability incurred during the month.

e. SEVERANCE PAY.

The obligation recorded each month shall be the gross amount due the former employees for that month. Severance pay is recorded as an obligation of the pay period covered, on a pay period basis, as the pay is earned.



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9041-14 PERSONNEL DETAILED TO NASA ON A REIMBURSABLE BASIS

a. MILITARY PERSONNEL DETAILED TO NASA ON A REIMBURSABLE BASIS.

The obligation recorded in each month shall be the amount earned and reimbursable to the Department of Defense (DOD) based on the application of a published standard rate and other costs incurred by the Department of Defense which are reimbursable by NASA.

b. CIVILIAN PERSONNEL DETAILED TO NASA ON A REIMBURSABLE BASIS.

The obligation recorded in each month shall be the amount of salary earned and related fringe benefit contributions, which are reimbursable to the other agency, and other costs incurred by the other agency which are reimbursable by NASA under the specific terms of the agreement for the assignment.

c. See FMM 9041-15a(2) below for travel obligations.

9041-15 TRAVEL AND TRANSPORTATION

a. TRAVEL AND RELATED TRANSPORTATION.

When authorized in accordance with NMI 9710.1 and FMM 9700 (NASA Travel Regulations), an obligation shall be recorded for temporary duty (TDY) travel or permanent change of station (PCS) travel in the full amount of the estimated costs. As a general rule, however, estimated obligations tentatively recorded for transactions within the year shall be placed on an actual expense basis at the end of the fiscal year, excluding limited exempted transactions. Obligations for TDY and PCS travel, transportation, and other entitlements are subject to the following conditions:

- (1) Estimated obligations for temporary duty travel shall normally be recorded in the month in which the travel is expected to commence. However, in those instances where ticket purchases are made to take advantage of special group discounts, reduced rates, etc., in advance of the month of departure, the obligation will be recorded in the month of purchase. At fiscal year-end, the rules contained in paragraph b below shall be followed to insure that only those obligations applicable to the current fiscal year are recorded.
- (2) Estimated obligations for permanent change of station entitlements for travel, transportation, temporary quarters, residences transactions, relocation services relocation income tax allowance, movement of household goods, and miscellaneous expenses will be recorded against the appropriation available in the month in which the NASA form 1450 (Authorization - Change of Official Station) is issued. The same basis should be utilized to record reimbursable PCS costs to the DOD for military detailed to NASA (see FMM 9710-1e).



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- (3) An obligation shall not be recorded for amounts advanced to an employee to cover the costs of travel since these amounts have already been obligated under provisions in FMM 9041-15a(1).
- (4) The estimated obligations for TDY and PCS travel which are recorded should be promptly adjusted to actual obligations when travel vouchers, airline and car rental bills, bills of lading, relocation services contract billings or any other substantiating documentation are paid. Obligations should also be adjusted after each relocation income tax allowance transaction is calculated and paid.

b. **ADJUSTMENT OF TDY TRAVEL OBLIGATIONS AT FISCAL YEAR-END**

Prior to submission of the "Certification of Obligations" report required by FMM 9391, the following fiscal year (FY) adjustments should be made:

When the itinerary for authorized temporary duty (TDY) travel covers two fiscal years the funds shall be obligated as follows:

- (1) Estimated cost
 - (a) The current FY funds will be obligated for the portion of the estimated cost that is anticipated to be performed in the current FY;
 - (b) The subsequent FY funds will be obligated for the portion of the estimated cost that is anticipated to be performed in the subsequent FY.
 - (c) Exception; Transportation Costs (i.e. Airlines, Automobile rentals). The cost of transportation will be obligated against the FY funds in which the travel commences.
- (2) Mileage cost
 - (a) The current FY funds will be obligated for mileage cost, when the travel begins at a time to enable the traveler to complete a continuous journey before the close of the current FY.
 - (b) The succeeding FY funds will be obligated for mileage cost, when the travel begins near the end of the current FY and the major portion of the travel is performed in the succeeding FY.
- (3) Per diem and other authorized expenses (e.g., taxi hire, official telegrams, other public transportation and baggage charges paid by traveler) shall be obligated against the appropriation current at the time the costs are anticipated to be incurred.



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c. **TRANSPORTATION OF GOVERNMENT PROPERTY AND SUPPLIES**

- (a) An obligation incurred for transportation of Government property and supplies shall be evidenced by a Government Bill of Lading (GBL) issued to a commercial carrier, other contract for commercial transportation or rental of a truck, or an intra-governmental order for specific transportation. The obligation shall be recorded in the amount of the estimated cost of the transportation to be furnished based on established rates. The obligation shall be promptly recorded as the transactions occur and adjusted on receipt of evidence of payment of the final bill.
- (b) The issuance of a GBL by the Transportation Officer constitutes the obligating act. The cost of the transportation is an obligation of the fiscal year in which the Transportation Officer issues a GBL to a commercial carrier. Transportation of property and supplies is an obligation of the same fiscal year in which the property and supplies are purchased if the transportation is included in the purchase price; that is, when the purchase is being made f.o.b. destination. As a general rule, if the transportation charges are paid or will be paid separately by the Government, the transportation is an obligation of the fiscal year in which the transportation begins and/or a bill of lading is issued. This rule also applies if transportation charges are prepaid by the vendor and billed as a separate item on the invoice, unless the contractual document clearly indicates that the purchase is being made on a delivered basis.

9041-16 MISCELLANEOUS TRANSACTIONS

a. **GRANTS, SUBSIDIES, AND CONTRIBUTIONS.**

The amount of a grant, subsidy, or contribution shall be recorded as an obligation when supported by documentary evidence as follows:

- (1) A grant requiring the grantee to perform a service or deliver an item shall be recorded when consummated by mutual agreement. Usually, a grant is signed by a grants officer and mailed to the grantee for acceptance. The obligation is incurred when the grantee accepts or approves NASA's offer by signing the grant document and then mailing or otherwise delivering the acceptance to NASA.
- (2) A grant, subsidy, or contribution not preceded by a contract or agreement shall be recorded as an obligation at the time payment is made.

b. **AWARDS.**

A cash award shall be recorded as an obligation in the accounting period in which the award is approved by an authorized official. A copy of the approval document, or a copy of the document informing the recipient of the award, shall be used to support the obligation.



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c. **LIABILITY UNDER PENDING LITIGATION.**

The estimated amount of a legal liability shall be recorded as an obligation if the pending litigation, for a definite liability of payment, is for the purpose of determining the amount of the Government's liability. The estimated loss associated with a probable contingency may also be a specific amount or a range of amounts. If some amount within the range appears, at the time to be a better estimate than any other amount within the range, that amount shall be recorded. However, if no amount within the range appears to be a better estimated than any other amount, the minimum amount in the range shall be recorded. See GAO Policy and Procedures Manual, Title 2. The estimated cost of land acquisition under condemnation proceedings shall be recorded as an obligation at the time the Attorney General is requested to institute the proceedings. The obligation shall be supported by a written administrative determination of the estimated amount of liability that will result from the litigation. In the case of a condemnation suit where a declaration of taking is filed after the issuance of an administrative determination of liability, the estimated obligation originally recorded shall be adjusted to the amount set forth in the declaration of taking. Any deficiency judgment entered subsequent to the declaration of taking shall be recorded as an obligation of the appropriation current at the time the initial obligation was recorded since this is merely a final adjudication of the rights of the parties and does not create a new obligation (34 Comp. Gen. 67 and 35 Comp. Gen. 185).

d. **LOANS.**

A loan agreement shall be recorded as an obligation in the amount of the loan. A commercial loan to a contractor which is guaranteed by NASA under the provisions of Section 301 of the Defense Production Act of 1950, as amended (50 USC 2091), shall be recorded as an obligation on receipt of a written demand from the financing institution that NASA purchase the guaranteed portion of the loan and in the amount of the portion to be purchased including accrued interest, if applicable.

e. **OTHER LEGAL LIABILITIES.**

The following types of liabilities shall be recorded as obligations when supported by appropriate documentary evidence:

- (1) **Tort Claim.** An obligation shall be recorded for the amount involved on the date the tort claim voucher is signed by an authorized NASA designee or, in the case of a suit settled out of court, by the Attorney General on the date of such settlement (27 Comp. Gen. 237). The obligation shall be recorded in the amount finally approved and certified for payment. (For NASA tort claim regulations see NMI 2082.1.)



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- (2) **Other Claim.** An obligation shall be recorded upon a determination of liability by appropriate legal authority.
- (3) **Other Liability.** An obligation shall be recorded for any other liability based on a disbursement document which was not preceded by a recorded obligation.

f. **TRANSACTIONS FINANCED THROUGH ESTABLISHMENT OF
TRANSFER APPROPRIATION ACCOUNTS.**

A transfer of appropriations using a Nonexpenditure Transfer Authorization (SF 1151) to another Government agency for obligation and disbursement does not constitute an obligation at the time of the transfer. The Government agency that receives the transfer appropriation is required by Part VIII, Section 81 of the Office of Management and Budget Circular A-34 to furnish monthly status reports, including obligations incurred under such account, to the issuing agency within 15 days following the close of the reporting period.

FMM 9050 CASH MANAGEMENT

9051-1 PURPOSE

This section prescribes the cash management policies to be observed by Installations to ensure the effective management of cash when developing systems and procedures, and conducting financial actions encompassing billings and collections, deposits, disbursements, cash advances, and cash held outside the cash account of the Department of the Treasury. Financial activities shall be conducted to ensure that the maximum amount of cash is made available to the Department of the Treasury for purposes of investment and to avoid unnecessary borrowing.

9051-2 AUTHORITY

Authority to prescribe this regulation is contained in NMI

1103.35_ Roles and Responsibilities of the NASA Chief Financial Officer (CFO)/Comptroller; I TFM 6-8000, Cash Management; 4 CFR, Chapter II; Part 1261, 14 CFR Chapter V; Part 206, 31 CFR Chapter II; I; and OMB Bulletin 94-09.

9051-3 APPLICABILITY

The policies set forth are applicable to all NASA Installations and components thereof.

9051-4 BILLINGS

- a. **GENERAL.** All amounts due NASA or the Treasury will be billed when due, or if required by law, in advance of the due date. See FMM 9260 and FMM 9680 for additional information concerning billing procedures. All work or services performed by NASA at the request of individuals or organizations outside the U.S. Government shall be performed on an advance payment basis or as otherwise provided in FMM 9090. See FMM 9090 for accounting and financial control procedures for reimbursable orders. Whenever the final costs on a reimbursable agreement with non-U.S. Government customers are anticipated to exceed the advance payment received, an additional advance payment should be immediately requested from the customer. Whenever the final costs on a reimbursable agreement with a U.S. Government customer is anticipated to exceed the agreement level, a modification of the agreement should be immediately requested.



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- b. **TIMELINESS OF BILLINGS.** Installations will adhere to the following billing practices:
- (1) A bill, for either an actual or estimated amount,
 - (2) shall be prepared and mailed within 5 business days after the day that the goods have been shipped or released, services have been rendered, or payment is otherwise due. A bill may be prepared and mailed later than the 5-day timeframe if it can be demonstrated that it is cost effective to do so;
 - (3) A payment due date, not more than 30 days from the date of the bill, will be included on the bill, unless otherwise provided by law;
 - (4) If the value of the goods or services cannot be specifically determined, a bill equal to at least 75 percent of the estimated value will be prepared and mailed within 5 business days. In such cases, this bill will be identified as a partial bill and will state that a final bill will be completed when the value is determined. The final bill will be prepared and mailed within 30 days of the submission of the estimated partial bill; and
 - (5) For recurring bills, a systematic follow-up procedure will be developed to ensure prompt issuance.
- c. **CHARGES FOR LATE PAYMENTS.** Debtors are expected to adhere to payment terms as stated in a contract, debt instrument, or notice of indebtedness (demand letter). The collection of debt, including the assessment of late charges, is governed by the authorities cited in FMM 9051-5a. Interest, administrative charges, and penalties will be assessed on all overdue payments, except as otherwise provided in 14 CFR 1261.412(g),(h), and (i) or a specific statute. Interest is assessed on principal only, not on interest, administrative charges, and penalties, except in those cases when a debtor has defaulted on a previous repayment agreement or a judgment has been obtained, in which case, interest shall be applied to the outstanding amount of unpaid interest, principal and related administrative charges. The minimum annual rate of interest to be charged is established by Treasury as an average of the current value of funds to Treasury and is published in the Federal Register each year by October 31, with an effective date of January 1. This Current Value of Funds Rate is subject to quarterly revisions only if the published rate changes by 2 percentage points at the close of the prior calendar quarter. If revised, the new rate will be published in a TFM Bulletin on or around the end of the first month of the calendar quarter, and is to be applied to overdue payments arising during the succeeding calendar quarter.
- Interest shall accrue from the date on which notice of the debt and the interest requirements is first mailed or hand delivered to the debtor, using the most current address available. If a bill is mailed before the debt is actually due, it should include the required notification; interest may not start to accrue before the debt is actually owed.



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In accordance with TFM 8020, the bill should be imprinted or stamped with a notification such as:

"The payment due date is 30 days from the date of this bill. Pursuant to 31 USC 3717, additional charges will be assessed on payments received after the due date, including:

1. Interest at _____%, from the date the debt is owed;

2. Administrative charges; and

3. Penalties, not to exceed 6 percent per year on any portion of the debt delinquent for more than 90 days, accrued from the date the debt became delinquent."

A higher rate of interest may be assessed if a determination has been made that a higher rate is necessary to protect the U.S. Government. The assessed rate will remain fixed for the duration of the indebtedness, unless a different rate is prescribed in an agreed-to repayment schedule. Installations will waive the collection of interest on a debt or any portion of a debt that is paid within 30 days after the date on which interest began to accrue.

Administrative charges should cover the additional costs incurred in processing and handling delinquent debts. The amount charged should be based on actual costs incurred or on cost analyses which established an average of actual additional costs. Installations shall determine the average cost of collecting delinquent accounts by identifying both the direct and indirect costs incurred in collecting debts from the time they become delinquent until the time collections are made or agency collection efforts cease. Such costs may include the cost of reimbursement to another Federal agency for salary offset and income tax refund offset actions. For those accounts that are successfully litigated, the Department of Justice post-judgment cost should be determined separately and added to the average cost of collection previously determined.

Installation costs incurred prior to an account becoming delinquent should not be included in the fee determination since there is no statutory authority to recover these costs.

Receivable balances in accounting systems should not be increased by the amount potentially due a private collection contractor until the debt is actually collected.

The penalty charge, not to exceed 6 percent per annum, will be assessed on any principal portion of a debt more than 90 days delinquent, unless otherwise specified. The penalty charge will accrue from the date that the debt became delinquent. All charges for late payment will accrue until final payment is received. Penalty payments shall be reported to the IRS to ensure that debtors are prevented from using such penalty payments as a business expense, thereby reducing their tax liability.



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Amounts received as partial or installment payments will be applied first to accrued penalties, then to accrued administrative charges, then to accrued interest, and finally to the principal, unless otherwise provided in a statute or regulation.

d. **WAIVER OF ESTABLISHED CHARGES FOR LATE PAYMENTS.**

Installations shall assess late charges, unless a waiver has been received from Treasury. Any request for such waiver shall be sent to the Director, Financial Management Division, NASA Headquarters, for submission to Treasury.

e. **INTEREST DUE THE GOVERNMENT UNDER THE PROMPT PAYMENT ACT**

The provisions of the Prompt Payment Act provide that in certain circumstances under construction contracts, the contractor may be obligated to pay the Government interest. This can occur if the contractor, after making a certified payment request, discovers that a portion or all of the payment request constitutes payment for performance that fails to conform to the specifications, terms and conditions of the contract (31 USC 3905(a)(2)). Interest may also be owed the Government under a construction contract if a prime contractor, after making an application for payment, but before paying a subcontractor for its performance (included in the payment request), discovers that all or a portion of a payment due the subcontractor is subject to withholding in accordance with the subcontract agreement (31 USC 3905(e)(6)). When a contractor is obligated to pay interest on unearned amounts to the Government under these circumstances, the interest shall:

- (1) Be computed on the basis of average bond equivalent rates of 91-day Treasury bills auctioned at the most recent auction of such bills prior to the date the contractor received the unearned amount;
- (2) Be deducted from the next available payment to the contractor; and
- (3) Revert to the Treasury.

9051-5 COLLECTIONS

- a. **GENERAL.** Collections result mainly from payments by debtors, voucher deductions from funds due a debtor, sales, fees and fines. All efforts to collect amounts due NASA will be made in accordance with the provisions of the Federal Claims Collection Act of 1966 (31 USC 3711), the Debt Collection Act of 1982 (Public Law 97-365), as amended, the Federal Claims Collections Standards (4 CFR 101-105), OMB Circular A-129, Sections IV and V of Appendix A, and 14 CFR 1261, Processing of Monetary Claims (General). See FMM 9260 and FMM 9680 for additional information concerning collection procedures.



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- b. **COLLECTION MECHANISMS.** All funds are to be collected by electronic funds transfer (EFT) when cost effective, practicable and consistent with current statutory authority. The mechanisms used for collecting funds for credit to the account of the U.S. Government will be jointly determined by the responsible NASA Installation and Treasury, and must have as their objective the minimization of total cost to the Government as a whole, including Agency direct cost, the cost of purchased services, and the float cost of money involved in the collection system.

When consistent with the above criteria, Installations should consider mechanisms in the following order of preference:

- (1) Automated Clearing House(ACH)
- (2) Fedwire
- (3) Debit/Credit Card
- (4) Lockbox
- (5) Treasury's General Account (TGA)

If a collection mechanism other than EFT is proposed, the Installation may be required to provide a supporting cost-benefiting analysis to justify its use. Cost-benefit analyses must include all costs, including those beyond direct Agency costs for implementing EFT.

Major changes in collection systems or procedures will only be made after consultation with and approval by Treasury. This includes entering into new contractual agreements and renewal of current contracts that affect the cash management process of Agency collections. See FMM Appendix 9051-5B for instructions or guidelines for Installation Cash Management Reviews.

The Financial Management Service (FMS) publication, Cash Management Made Easy, provides detailed information on all available collection mechanisms.

- c. **COLLECTION STANDARDS.** Each NASA Installation is expected to take aggressive action, on a timely basis, to effectively followup and collect all accounts receivable (claims, debts) for money or property arising out of the activities of NASA in accordance with the documents referenced in a., above and the requirements set forth below. Accounts receivable from non-U.S. Government debtors will be aged at 30-day intervals from the due date until collected or determined to be uncollectible. Each Financial Management Office will maintain debtor information on the number, amount, age and collection status of accounts receivable, and on uncollectible accounts which have been written off.



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Generally, a debt is considered "delinquent" when not paid by the date specified in the initial written notification or applicable contractual agreement (unless other satisfactory payment arrangements have been made by that date) or if, at any time thereafter, the debtor fails to satisfy obligations under a payment agreement.

Contract overpayments, fines, penalties, and other debts are delinquent when the debtor does not repay or resolve the debt within 30 days after the day notification of the debt is mailed to the debtor (within 30 days of the payment due date for contractual agreements).

Reporting requirements for accounts receivable are contained in FMM 9343. See FMM Appendix 9051-5A for a chart depicting the timing of collection events.

Appropriate written demands shall be made upon a debtor in terms which inform the debtor of the consequences of failure to pay. A total of three progressively stronger written demands will normally be made, unless a response to the first or second demand indicates that a further demand would be futile and the debtor's response does not require rebuttal. The first, second, and third demands shall be mailed 45, 75, and 105 days after the date of the initial bill, respectively, unless responses from the debtor dictate otherwise. The first demand notice for delinquent individual accounts shall incorporate, as appropriate, the due process notices for referring delinquent consumer accounts to credit reporting agencies, initiating Federal salary offset, and referring delinquent accounts to the Internal Revenue Service for income tax refund offset. These notices are required by the Debt Collection Act of 1982 and the Deficit Reduction Act of 1984, respectively. Installations shall respond promptly to communications from the debtor, within no later than 30 days, and should advise debtors who dispute the debt to furnish available evidence to support the contention.

The third demand shall be the final debt notice and shall inform the debtor that the account is delinquent and will be referred to a private collection contractor or the Department of Justice for further action, unless (1) full payment of the entire outstanding balance is received within 30 calendar days of the date of the notice or (2) the debtor provides written disclaimer information within 30 calendar days of the date of the notice. This notification shall include the balance of the debt, any interest, administrative charges and penalties, and the name, address and telephone number where payment can be sent and questions referred.

- d. **COLLECTION BY ADMINISTRATIVE OFFSET.** Collection by administrative offset will be made in accordance with the provisions of 14 CFR 1261.5 and 1261.6, when determined, on a case-by-case basis, to be practically and legally feasible and in the best interests of the U.S. Government. Credit reports on delinquent debtors may be obtained to identify opportunities for administrative offsets of amounts due the debtor from other Federal agencies.



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Installations will determine on a case-by-case basis whether to engage in offset at the request of an agency owed a delinquent debt. At a minimum, further disbursement of funds should be suspended until the delinquent debtor and the agency requesting offset have had the opportunity to reach a satisfactory resolution.

Installations may not attempt to offset a contract if the contract is being adjudicated under the Contract Disputes Act (CDA) or Federal Acquisition Regulations, Subpart 32.6. Once such a contract has been adjudicated under the CDA, then offsets under the Debt Collection Act may be initiated for any balance of funds still owed the contractor. This does not preclude offsetting non-disputed contracts of a contractor involved in a CDA adjudication.

Installations generally should not attempt to offset advance payments under a grant or cooperative agreement because:

- (a) Such payments do not constitute a "Government debt" to the grantee; and
- (b) Offsets could have the effect of defeating or interfering with the purposes of the grant.

However, offsets may be attempted where funds are paid out to the recipient on a reimbursable basis and the recipient has already satisfied the program requirements. Reimbursable payments due may be offset because they clearly represent a Government debt, at least to the extent of the particular reimbursement. Installations shall consider converting a problem recipient with a history of poor performance to reimbursable payments in anticipation of a future need to effect an offset.

The salaries of Federal employees who are delinquent on debts (if the debtor can be identified by SSN) to the Government may be offset to recover the amount owed. Under the Debt Collection Act of 1982, as amended (see 14 CFR 1261.6), up to 15 percent of an employee's disposable pay may be offset each pay period, unless the employee consents to a larger deduction. A 30-day written notice is required.

- (1) **Army Hold-up List.** The Department of the Army maintains a List of Contractors Indebted to the United States (Hold-up List) to help effect collection by offset of moneys due the U.S. Government and has agreed to include thereon indebtedness due to other departments and agencies (see GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 4).



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When a delinquent account receivable arises in connection with a NASA contractor, the Installation Financial Management Officer will request inclusion of the debt on the Army Holdup List. Users of the list are to collect the amount of the debt from current payments due the contractor and forward the amounts withheld to the U.S. Army Finance and Accounting Center (USAFAC) for transmittal to the creditor agency. Since the Army is required to report debts included on the Holdup List to consumer reporting bureaus, Installations must be sure to include notification that the debt will be reported in the demand letters sent to debtors prior to writing to the USAFAC. Installation Financial Management Officers are responsible for deleting the names of debtors from the Holdup List, as appropriate, based upon the collection status.

The List shall be reviewed at least once each year by each Financial Management Office to determine the business entities that should be deleted or retained. All requests for changes to the List shall be forwarded to the address shown in the general instructions of the most current List of Contractors Indebted to the United States.

(2) **Offset Against Amounts Payable From Civil Service Retirement and Disability Fund.** NASA Installations may request that moneys which are due and payable to a debtor from the Civil Service Retirement and Disability Fund be administratively offset in reasonable amounts in order to collect in one full payment or a minimal number of payments debts owed to NASA. Requests for such action shall be forwarded by the Installation directly to the Office of Personnel Management in accordance with the procedures outlined in 14 CFR 1261.507.

(3) **Offset Against Carriers for Unused or Unreturned Tickets.** In accordance with 41 CFR 101-41.210-2, Installations are required to demand the refund of unused or unreturned tickets from carriers through the use of an SF 1170, Redemption of Unused Tickets. However, only complete tickets, i.e., those in which no coupons have been used, are eligible for offset. In such cases, if the carrier fails to provide a refund within 30 calendar days from the date of issuance of the SF 1170, the Installation shall take action to collect, including administrative offset, if necessary. The amount to be collected shall include interest, administrative charges, and penalties.

e. **USE OF CONTRACTORS FOR DEBT COLLECTION SERVICES.** The General Services Administration (GSA) has awarded contracts for the collection of debt owed to the U. S. Government. All Federal agencies are required to use the GSA awarded contract services. Procedures to be followed are delineated in a Federal Supply Schedule (FSS) for Industrial Group 732, Part I, Section B, "Debt Collection Services", and the Treasury "Guidelines for Using the GSA's Federal Supply Schedule for Obtaining Professional Debt Collection Services." The Treasury Financial Management Service (FMS) is designated as the Facilitator for the contracts and will mediate problems between ordering agencies and contracts.



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The contracts cover four types of debt: Administrative or Loan, Commercial or Consumer. Most NASA debts referred for collection will be Administrative Commercial, although there may be some instances of Administrative Consumer accounts. Accounts with a past due principle balance are eligible for transfer on either a first or second referral basis. The amount of an account referred shall include principle, accrued interest and administrative costs (including the cost incurred by the referral of the debt to the contractor) and the contractor's contingent fee and penalties. Installations shall:

- (1) Determine, on the basis of the amount due, and the degree of willingness and ability of the debtor to pay, whether to turn over a delinquent account to a collection agency or make an immediate referral to the Department of Justice for litigation;
- (2) Consider the use of a collection agency at any time after the account is past due. While the usual procedure would be to transfer an account 30 days after the 3rd demand letter is sent, circumstances may indicate the desirability of transferring the account as soon as possible to maximize collectibility. All accounts that are six months or more past due **must** be turned over to a collection contractor unless the accounts are eligible for the Federal salary or administrative offset programs, or are in litigation;
- (3) Ensure that a demand notice is sent at least 30 days prior to transfer, marked "Final Demand," which informs the debtor that the account is delinquent and will be referred to a private collection contractor or the Department of Justice for further action unless (1) full payment of the outstanding balance is received within 30 calendar days of the notice, or (2) the debtor provides a written disclaimer within 30 calendar days of the date of the notice, or arrangements for repayment are made;
- (4) Consider a secondary referral, in accordance with the FSS, where there is potential collectability;
- (5) Not use collection agencies to collect delinquent debt owed by currently salaried employees or retired Federal employees if salary offset authority could be used instead;
- (6) Monitor the performance of individual collection contractors and establish a system to account for cases referred to and returned from them. The system will include a specific timeframe for collection contractors to return uncollectible accounts with appropriate documentation so that the Installation can determine whether to litigate or write off the debt; and



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- (7) Add the cost of collection contractor contingency fees to the delinquent principal and interest amount of the debt referred to the collection contractor. The contractor's fees are based upon the amount collected, added to the amount due from the debtor, and assessed in accordance with the Federal Supply Schedule. The accounting treatment for the collection of late payments referred to collection agencies is contained in FMM 9261-7.

f. **AUTHORIZED SCHEDULED PAYMENTS OF DELINQUENT**

ACCOUNTS. Installations should collect overdue amounts in full in one lump sum; however, if the debtor is financially unable to pay in one lump sum, NASA may accept regular installment payments in accordance with the provisions of 14 CFR, 1261.402 and 1261.411. Such repayments should be sufficient in size and frequency as to liquidate the debt (except specified mortgages) within 3 years.

Installations shall require delinquent borrowers with bank accounts to enter into repayment agreements using

pre-authorized debits. Exceptions may be made if the debt is secured by collateral of equal or greater value.

Unless prohibited by statute or regulation, agreements should contain a specific interest rate that will be assessed on the debt. The rate will be the Current Value of Funds Rate, unless it has been determined that a higher rate of interest is necessary to protect the government. Agreements should also state that administrative charges and penalties will be assessed on delinquent payments as provided in FMM 9051-4e.

- g. **COMPROMISE OF DEBTS.** Compromise of debts may be exercised in accordance with the provisions of 14 CFR 1261.414 and the authorities cited in 14 CFR 1261.402. If the debt has been placed with a contractor for collection, only NASA may approve compromise.
- h. **REFERRAL FOR LITIGATION.** Debts may be referred to the Department of Justice in accordance with the provisions of 14 CFR 1261.417, OMB Circular A-129, and the authorities cited in 14 CFR 1261.402. Cases of fraud may be sent to Justice at any time. If the debt has been placed with a contractor for collection, the contractor will prepare the Claims Collection Litigation Report (CCLR) required for referral, upon instruction by NASA and charge a fee as set forth in the FSS. The Short Form Claims Collection Litigation Report may be used for referring claims of \$5,000 or less, including interest, penalties and administrative costs. Installations have the option of referring delinquent Federal employee accounts to the Department of Justice to obtain a judgment in accordance with section 124 of P.L. 97-276. This provision allows Justice to collect 25 percent of the employee's salary after a judgment is obtained, as compared to the 15 percent limit under the salary offset authority. Installations shall:



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- (1) Promptly refer delinquent accounts to Justice as soon as there is evidence that the debt is collectible and that full or partial recovery of the debt will be best achieved through litigation;
- (2) Send claims to Justice when all efforts and administrative processes are completed and the debt remains delinquent and legally enforceable;
- (3) Set up a system to ensure that each CCLR prepared by either the Installation or the contractor includes:
 - (a) Name (borrower and co-borrower) address, Tax Identification Number (TIN), current place of employment, and salary of debtor, all of which has been verified within six months of the referral (e.g., by financial statement or credit report);
 - (b) Evidence that the debtor has ability to pay a judgment (employment data, property, other income), or the potential to repay and a judgment is needed to protect the Government's interest (an exception is the referral of cases solely to obtain clear title to a property that has no possibility for repayment);
 - (c) A certificate of indebtedness;
 - (d) TIN's for each applicant and individual and/or organization including personal guarantors of the debt;
 - (e) A credit report, for each applicant, that is less than six months old at the time of referral;
- (4) In consultation with the Department of Justice, establish a system to account for cases referred to and returned from Justice. The TIN will be the common identifier for each debt in referring cases to Justice. Justice will use the TIN number for case tracking and reconciliation. Periodic follow-ups should be made with Justice to ascertain the status of litigation; and
- (5) Participate in the Department of Justice private attorney program by identifying and then accelerating case referrals through Justice's Central Intake Facility to those districts where the U.S. Attorney offices contract with private law firms.

Upon receipt of the CCLR, a U.S. Attorney is to file suit within 45 days unless the debtor has come forward with a voluntary payment. Collection efforts should cease once a case has been referred to the Department of Justice. The appropriate U.S. Attorney, or Department of Justice attorney, must be notified of exceptions and permit continued collection activity by an agency. "Continued collection activity" does not include agency attorneys appointed Special Assistant United States Attorneys.

The Department of Justice shall notify the referring Installation within 60 days of the closing of a case.



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i. WRITEOFF AND CLOSEOUT PROCEDURES

The Associate Administrator for Management Systems and Facilities (for NASA Headquarters) and the Director of a Field Installation (for an Installation), or a designee who reports directly to those officials, have the authority to terminate collection action on debts which do not exceed \$20,000, exclusive of interest, penalties and administrative costs, after consultation with other officials as outlined in CFR 1261.403. The Administrator or designee has the authority to compromise, suspend or terminate collection action where the principal amount of a debt is between \$20,000 and \$100,000; recommendations for such action should be referred to the Director, Financial Management Division, NASA Headquarters, for processing. Where the principal amount of a debt exceeds \$100,000, only the Department of Justice has authority to compromise, suspend or terminate collection actions, and the matter should be referred to Justice using the CCLR, as discussed in 14 CFR 1261.417.

(1) **Writeoff.** Accounts shall be written off when one or more of the following apply:

- (a) The debtor cannot be located; or no assets that can be liquidated to pay the debt can be found; or the Federal statute of limitations has expired for litigation (six years) and administrative offset (10 years) and the statutes of the State in which the debtor resides preclude further collection;
- (b) The debt cannot be substantiated because of a lack of evidence or witnesses to validate a claim (such debt cannot be referred to IRS as taxable income);
- (c))The debt is considered to be legally without merit upon a determination that the debt was never owed and was erroneously classified as a debt;
- (d) Any substantial amount of the debt cannot be collected because:
 - 1 A judgment has been obtained and the application of all collection techniques failed to produce full collection;
 - 2 A collection agency has been unable to collect the debt and has returned it with sufficient documentation to demonstrate the debt is uncollectible;
 - 3 The borrower has been declared bankrupt and no further prospects for worthwhile recovery are available; or
- (e) Estimated collection costs exceed the estimated recoverable amount.

Written off accounts shall be closed, and the debtors' account ledgers removed from active files.



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Despite writeoff, it may be appropriate to maintain subsidiary records of individual accounts so that debts may be collected by offset against future benefit claims. Collection action on closed-out accounts should only be reinstituted if evidence subsequently obtained indicates that a debtor has the ability to repay a substantial portion of the debt (25 percent or more) and the statute of limitations has not yet expired.

Debt referred to the Department of Justice cannot be written off while the claim is being litigated.

- (2) **Closeout.** Accounts written-off shall be recorded with debtor identifying information in an IRS referral log, accumulated for the calendar year, and forwarded to the IRS on IRS Form 1099G, "Statement for Recipients of Certain Government Payments." The IRS will recognize written off amounts as taxable income for debtors classified as individuals, partnerships, and sole proprietorships;

The reporting requirements are as follows:

- (a) A debt must be reported after all collection efforts have been exhausted; there is no obligation to wait to report a debt until the statute of limitations has expired;
- (b) Amounts greater than \$600 must be reported; amounts less than \$600 may be reported;
- (c) In addition to the principle amount owed, administrative costs and interest must be reported. Interest is reportable to the extent that it is not tax deductible by the debtor (i.e., 80% in 1989, 90% in 1990, and 100% in 1991 and thereafter is reportable);
- (d) Amounts discharged in a Title 11 bankruptcy case are not to be reported; the bankruptcy must be documented in the files;
- (e) In cases other than Title 11 bankruptcy, an Installation must not report amounts discharged to the extent that the debtor is insolvent (i.e., liabilities exceed assets). For example, if a debtor owes \$100 and his liabilities exceed his assets by \$25 (i.e., negative net worth of \$25) before the debt is discharged, \$75 must be reported upon the discharge. The files must document that a debtor is insolvent through an assets/liabilities analysis certified by the debtor as correct under penalties or perjury;
- (f) If the debt is compromised because (1) the debtor is unable to pay the debt within a reasonable period of time or refuses to pay the debt in full and the Government is unable to enforce collection in full within a reasonable time or (2) the cost of collecting the claim does not justify the enforced collection of the full amount, then the amount discharged in the compromise is reportable;



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If the debt is compromised because there is real doubt as to the Government's ability to prove its case in court for the full amount claimed, then the amount discharged in the compromise should not be reported;

- (g) The debtor shall be provided a copy of Form 1099-G or a written statement of the impending 1099-G report by January 31 of the year following the determination that no further collection action will be taken on the debt. The 1099-G shall be sent to the IRS by February 28 of that same year; and
- (h) As this reporting requirement is not a statutory one, an Installation should not report on Form 1099-G if the reporting of such information is prohibited by a Federal law.

Installations may reinstitute collection action on closed out accounts if there is subsequent evidence that a debtor has new ability to pay.

(3) **Accounting Entries.** See FMM 9261-9.

9051-6 DEPOSITS

- a. **GENERAL.** Financial Management Officers will ensure that receipt processing procedures are in place that will make funds available to the Treasury in a timely manner. Such procedures shall be in accordance with 1 TFM 6-8000 and 1 TFM 5-2000. See also FMM 9260 and 9680 for additional procedures and guidelines for deposits.
- b. **PROCESSING DEPOSITS.** Since same day deposit is required and "receipt" is considered to be the first point of receipt by an Installation, when offices other than the Financial Management Office initially receive funds, such offices must forward the payments to the Financial Management Office expeditiously for deposit processing.
- c. **TIMELINESS OF DEPOSITS.** NASA Installations will adhere to the following deposit practices which reduce processing float:
 - (1) Collections of \$5,000 or more on the same day shall be deposited prior to depository cutoff time. When same-day deposit is not cost effective, next day deposit of moneys must be achieved;
 - (2) Collections of less than \$5,000 may be accumulated and deposited when the total reaches \$5,000; however, deposits will be made by Thursday of each week, regardless of the amount accumulated;
 - (3) Deposits will be made at a time of day prior to the depository's specified cutoff time, but as late as possible to maximize daily deposit amounts;
 - (4) Installations will generally limit their deposits to one per day per deposit site. However, when beneficial to the Government, Installations shall make multiple deposits;



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- (5) The mailing of deposits (versus hand-carrying) to Federal Reserve Banks (FRBs) or commercial banks may be done only when specifically authorized in writing by the Treasury Financial Management Service. In such cases, the deposit time frame requirements apply to the timely mailing of deposits;
- (6) When a deposit consists only of Treasury checks, Installations may mail those checks to the nearest FRB; Treasury checks totaling to \$5,000 or more shall be mailed to the nearest FRB or Branch on the day received. A separate SF-215, Deposit Ticket, will be prepared and submitted to the FRB for processing; and
- (7) Financial Management Officers will review the activities of collection agents semiannually to verify the undeposited cash on hand, that timely and accurate deposits are being made, and that cash collections are being handled in accordance with these instructions. A record of the review should be retained in the files of the collection agent.

9051-7 DISBURSEMENTS

- a. **GENERAL.** Procurement and Financial Management Officers will ensure that payment terms which specify when payment will be due and how payments will be made are contained in contracts, purchase orders, and other procurement arrangements for the purchase of goods or services from any organization outside the U.S. Government. The standard contract clauses are provided in FAR 52.232.

Invoices, bills, statements, or any other documents (hereinafter referred to as "invoices") which are authorized for payment by an Installation, including progress and final payments, will be paid when due. Accounting systems will be designed to include adequate internal controls to facilitate the timely payment of invoices, take appropriate discounts in accordance with FMM 9630 and preclude duplicate payments. When discounts are taken after the expiration of the discount period or the Installation fails to make timely payments, interest penalties will be paid automatically in accordance with the Prompt Payment Act, as amended, and OMB Circular A-125. Interest payments are not required on contract financing payments, which include advance payments, progress payments based on cost, progress payments based on a percentage or stage of completion (other than those under fixed-price construction contracts or fixed-price architect-engineer contracts; see FAR 32.902) and interim payments on cost-type contracts. Final payments on cost-type contracts are subject to interest penalties, however, since they are not contract financing payments.

- b. **DISBURSEMENT MECHANISMS.** All funds are to be disbursed by electronic funds transfer (EFT) when cost effective, practicable and consistent with current statutory authority. If an Installation proposes to use a disbursement mechanism other than EFT, it may be required to provide a supporting cost benefit analysis. The analysis should include all costs, including those beyond direct costs for implementation. OPAC or other mechanisms such as the SF 1081 will be used for the transfer of funds between agencies. Fedwire may be used only for high-dollar,



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low-volume payments in excess of \$100,000, when same day settlement is required.

Each Installation will exercise its authority under the FAR to require that all contractors are paid by EFT in accordance with 31 CFR 206, unless a determination is made that it is not in the best interest of the Federal Government to do so. Installations proposing to use any non-EFT mechanism must successfully demonstrate to the Director, Financial Management Division, NASA Headquarters and Treasury why EFT is not feasible or cost-effective.

- c. **TIMELINESS OF DISBURSEMENTS.** Installation payment systems will be designed to provide for scheduling the payment as close as possible to, but no later than, the due date or, if appropriate, the discount date. The due date will be considered to be the 30th day after receipt of the invoice or contract financing request (as defined below) unless otherwise specified, except for certain commodities, as set forth in OMB Circular A-125. For construction contract progress payments which are based on contracting officer approval of the estimated amount and value of work or services performed, including payments for reaching milestones in any project, the due date will be the 14th day after receipt of the payment request, unless a longer period is specified. For any amounts retained under fixed-price construction contracts, the due date will be the 30th day after approval for release by the contracting officer. For final payments and payments for partial deliveries under construction contracts, the due date will be the later of the 30th day after receipt of a proper invoice or the 30th day after acceptance of the completed work or services.

Payment may be made up to seven days prior to the due date, but should be timed so as to pay proper invoices as close as possible to the due date without being late. NMI 7410.5 provides for delegation of authority to approve early payments on a case-by-case basis, where it is demonstrated to be necessary and in the best interest of the Government. This authority shall be used cautiously, weighing the requirement to make timely payment against the good stewardship inherent in effective cash management practices. While approval to pay early may be given by an authorized official in a personal or telephone conversation, such approval should be documented in a note to the file.

Payment falling due on Saturdays, Sundays and legal holidays, when Federal government offices are closed, may be made on the following business day without incurring late payment interest penalties.

Payment will not be made prior to the receipt and acceptance of goods or services unless specifically provided by contractual agreement executed pursuant to law. For purposes of determining a payment due date, receipt of an invoice is deemed to occur:

- (1) On the later of -



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- (a) the date on which the designated billing office (the place or person designated in the contract to first receive invoices) actually receives a proper invoice, or
- (b) the seventh day after the date on which the property is actually delivered or performance of the services is actually completed, unless
 - 1 the Installation has actually accepted the property or services before the seventh day or
 - 2 a longer acceptance period is specified in the contract; or
- (2) On the date of the invoice, if the date of receipt by the designated billing office has not been recorded on the invoice at the time of receipt by the designated billing office.

Processing of invoices for earned award fees shall be expedited and payment of such invoices shall be made as soon as possible after approval.

In cases in which the contract requires the contractor to send invoices to the Defense Contract Audit Agency (DCAA) for provisional approval, the DCAA office or representative specified in the contract would be the "employee designated... to first receive invoices."

As provided in FAR 32.906 (a), the due date for making contract financing payments is the 30th day after the designated billing office has received a proper request.

In accordance with 41 CFR 101-41.401(e), for purposes of determining whether interest penalties under the Prompt Payment Act are due in the case of U.S. Government Bills of Lading (GBL's), the date on which payment is due is 30 days after receipt of a proper carrier bill or claim by the designated billing office, i.e., the office or employee designated on the GBL.

An invoice determined not to be proper shall be returned to a business concern within 7 days of receipt (3 days for meat or meat food products and 5 days for perishable agricultural commodities, dairy products, and edible fats and oils) and suitably documented. The number of days available to make a timely payment shall be reduced by the number of days by which an Installation exceeds the requirement to return the defective invoice in 7 days.

For the sole purpose of computing an interest penalty that might be due the contractor or vendor, Government acceptance shall be deemed to have occurred constructively on the 7th day after the contractor or vendor has delivered supplies or performed services in accordance with the terms and conditions of the contract or purchase order, unless there is a disagreement over quantity, quality or compliance. In the event that actual acceptance occurs within the constructive acceptance period, the determination of an interest penalty shall be based upon the actual date of acceptance.



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Installations will, therefore, ensure that receipt and acceptance are executed as promptly as possible. Receiving reports will contain the information specified in OMB Circular A-125 and will be forwarded in time to be received by the Financial Management Office by the 5th working day after acceptance, unless other arrangements are made. Financial Management Offices will stamp receiving reports and invoices with the date received.

- d. **CASH DISCOUNTS.** Payment systems will incorporate procedures which will automatically take advantage of cash discounts as a matter of routine and eliminate any need for special handling. Discounts will be taken when the discount terms applied in the conversion formula in FMM 9630 result in an effective annual interest rate equal to, or greater than, the Current Value of Funds Rate to the Department of the Treasury (I TFM 6-8025.40).

The period for taking the discount is calculated from the date of the proper invoice to the discount date. If the invoice is undated, the discount period will begin on the date a proper invoice is received by the designated billing office and the date annotated. All discount payments must be scheduled for check issuance as close as possible to, but no later than, the last day of the discount period. Payments will not be made, however, unless the related goods or services have been received and accepted except as specifically provided by the contractual terms. If the last day of the discount period falls on a Saturday, Sunday or legal holiday, the Government is entitled to the discount if payment is made on the following business day. Data will be maintained on discounts available and taken in accordance with FMM 9630 and reported in the Annual Report of Payment Activities (FMM 9385). If a discount is taken after the end of the discount period, an interest penalty shall be paid on the amount of the discount taken, for the period beginning the day after the specified date through the payment date.

- e. **LATE PAYMENTS.** When payments are made after the due dates specified in c., above, they will be considered late and interest will be paid automatically. Installation practice with respect to late payments will be summarized and reported in accordance with FMM 9385.
- f. **INTEREST AND ADDITIONAL PENALTY REQUIREMENT.** Installations will meet the following requirements in paying interest and additional penalties:
 - (1) Interest may only be paid after acceptance has occurred;
 - (2) Late payment interest penalties shall be paid without regard to whether the contractor has requested payment of such penalty;
 - (3) For contracts, purchase orders, and other procurement arrangements executed after October 1, 1989, an additional penalty amount, calculated in accordance with OMB Circular A-125, shall be paid when the circumstances described in FMM 9632-6 occur;



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- (4) The temporary unavailability of funds to make a timely payment due for property or services does not relieve an Installation from the obligation to pay interest penalties or additional penalties required under the Prompt Payment Act;
- (5) Effective October 1, 1989, each payment for which a late payment interest penalty is required to be paid shall be accompanied by a notice stating the amount of the interest penalty included in the payment, the rate by which the penalty was computed, and the number of days used in calculating the penalty;
- (6) Late payment interest penalties and any additional penalties required shall be paid out of amounts available to carry out the program for which the penalty is incurred. The Prompt Payment Act does not authorize the appropriation of additional amounts to pay penalties;

Calculation of interest penalties and additional penalties is discussed in detail in FMM 9630.

Interest penalties are not required when:

- (7) Payment is delayed because of a disagreement over the amount of the payment or other issues concerning compliance with the terms of a contract (Claims concerning disputes, and any interest that may be payable with respect to the period while the dispute is being settled will be resolved in accordance with the provisions in the Contract Disputes Act of 1978 (41 U.S.C. 601 et. seq.));
- (8) Payments are made solely for financing purposes, payments are made in advance, or for a period when amounts are withheld temporarily in accordance with the contract; or
- (9) A valid automated clearing house file has been delivered to the Treasury Regional Financial Center prior to the established cutoff time one business day prior to the payment due date, regardless of any delays in settlement.

Interest penalty payments are to be reported to the Internal Revenue Service on IRS Form 1099-INT when payments to any one person, partnership or trust total \$600 or more.

- g. **EARLY PAYMENTS.** Early payments are defined as payments made 8 days or more prior to the due date, except when economical cash discounts are taken. Early payments will be summarized and reported in accordance with FMM 9385.



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9051-8 CASH ADVANCES

Financial Management Officers have the responsibility to monitor the cash management practices of recipient organizations to ensure that Federal cash is not maintained in excess of immediate disbursing needs (I TFM 6-2000 and FMM 9280). Systems and procedures will be established to ensure that balances are maintained commensurate with immediate disbursing needs and that excess balances are promptly returned to NASA. Except when contrary to law, interest earned on NASA funds by recipient organizations must be promptly paid to NASA. Advance funding arrangements with recipient organizations failing to comply with FMM 9280 regulations will be terminated.

9051-9 CASH HELD OUTSIDE TREASURY

Financial Management Officers shall ensure that adequate internal control and security measures are in place to safeguard cash held outside the Treasury. In accordance with FMM 9650, Installations will, no less frequently than once each quarter, make unannounced verifications of the cash balances in imprest funds. At least every 6 months, accountable officers shall ensure that such funds are commensurate with actual needs and meet the requirements in I TFM 4-3000 and FMM 9650. Fund balances shall be maintained at the minimum amount necessary to meet immediate disbursement needs and be commensurate with the activity in the account.

9051-10 RESTRICTIONS ON FINANCIAL TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

- a. **GENERAL.** This section reflects NASA policy on the use of U.S. Government funds in international programs which have a potential impact on interest costs to the Department of the Treasury and foreign exchange operations. Included are bilateral program transactions with foreign countries and international organizations involving procurement, research, co-development, co-production, or other transactions which require: (1) the outlay of U.S. dollars or U.S. owned foreign currencies, or (2) the exchange of U.S. dollars and U.S. owned foreign currencies. The Director, Financial Management Division, NASA Headquarters, should be contacted at the earliest possible time concerning any potential or pending negotiations which will involve matters referred to in this section.

The policies and procedures set forth in the Treasury Financial Manual, I TFM 6-8000, "Cash Management," Sections 8065 and 8070, shall be followed.



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- b. **NEGOTIATING FINANCIAL ARRANGEMENTS.** Except for arrangements entered into for the sole purpose of implementing U.S. international monetary policy, Financial Management Officers will observe the following policies to ensure that: (1) U.S. dollars will be retained in the account of the U.S. Treasury until actually required for immediate disbursement to minimize interest cost on the public debt and (2) interest on U.S. Government funds will not be used to subsidize program activities. The policies are:
- (1) Financial Management Officers will not permit the withdrawal of funds from the account of the U.S. Treasury for transfer to any recipient country or organization, prior to the need for the funds as determined by the actual immediate funding requirements of the recipient to carry out the project. Monthly payments are the norm;
 - (2) NASA's share of funding required to support a program will not be derived from interest earned on U.S. contributions. Any interest earned will be promptly deposited to receipt account "801435, General Fund Proprietary Interest, Not Otherwise Classified"; and
 - (3) Requests from a foreign country or international organization for the temporary deposit and safekeeping of dollars in trust in an account of the U.S. Treasury will be decided by Treasury on an individual basis, based on the reasons therefore, the specific financial arrangements proposed, and the relevant political and financial considerations.
- c. **PROCEDURES AND REQUIREMENTS CONCERNING FOREIGN CURRENCY EXCHANGE, COLLECTION AND DISBURSEMENTS.** Procedures and requirements concerning foreign currency are covered in FMM 9712-7, United States-Owned Excess and Near Excess Foreign Currencies; FMM 9745-10, Use of Excess and Near Excess Foreign Currencies For Transportation and Travel Expenses; and NMI 9393.2, Use of Excess and Near Excess Currencies For Payment of United States Obligations, respectively. Further specific guidelines are available in the Treasury Financial Manual.

9051-11 RESPONSIBILITIES OF FINANCIAL MANAGEMENT OFFICERS

- a. **GENERAL.** Financial Management Officers have the responsibility to incorporate the policies herein in billing and collection, accounting, and disbursing systems, and as an integral part of comprehensive audit and review programs. To ensure effective cash management, the job elements of Installation personnel responsible for receipts and disbursements should include cash management as critical performance measurements.
- b. **REVIEW.** Financial Management Officers will be responsible for monitoring the efficiency, effectiveness, and economy of the Installation's cash management practices. Semiannual reviews will:



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- (1) Determine if the Installation is collecting, and disbursing funds by EFT;
- (2) Determine if the Installation is billing, collecting, and depositing in a timely manner;
- (3) Determine if the Installation is making disbursements according to the Prompt Payment Act Amendments of 1988;
- (4) Determine if opportunities exist to implement new mechanisms or processes or upgrade existing mechanisms or processes; and
- (5) Ensure that adequate internal controls are in place to preclude the making of duplicate payments.

These reviews will be conducted in accordance with the provisions of FMM Appendix 9051-5B.

- c. **REPORTS TO HEADQUARTERS.** Documentation summarizing semiannual reviews of the Installation cash management practices and required reports will be retained and made available for examination by Headquarters Financial Management Division personnel during on-site reviews.

9051-12 WAIVERS, EXEMPTIONS, AND OTHER APPLICABLE REGULATIONS

- a. **WAIVERS.** Requests for waivers to specific provisions of these requirements may be submitted to the Director, Financial Management Division, NASA Headquarters, for consideration. Such requests should identify the specific requirement, state the reason for the request, the period of time to be covered by the waiver, and any documentation in support of the request.
- b. **OTHER APPLICABLE REGULATIONS.** The provisions of this chapter are designed to supplement existing regulations bearing on the subjects covered herein and do not relieve Financial Management Officers from compliance with OMB, GAO, and other Treasury regulations.

FMM 9060 ACCRUAL ACCOUNTING

9061-1 PURPOSE

This chapter sets forth basic principles, requirements and techniques for NASA accounting on an accrual basis, whereby financial transactions are recorded in the period of occurrence, even though the related cash is disbursed or received during another period. Use of the accrual method provides NASA management with financial data related to performance so that informed decisions may be made. The instructions for the accrual of contract, purchase order and grant costs are contained in FMM Appendix 9061-5A, which may be reproduced and distributed to personnel outside the Financial Management Office.

9061-2 AUTHORITY

31 USC 3512(d)

9061-3 SCOPE

The accrual method of accounting applies to all costs, however classified, deferred, or disposed of; to current expense (operating costs), reimbursable costs, inventory costs, prepaid costs, or fixed asset costs; and to all revenue, whether appropriation reimbursements or miscellaneous receipts are involved. The accrual basis of accounting does not apply to controls over appropriated funds. Allotment ledgers are not maintained on an accrual basis; obligations are liquidated by disbursements, not by accrued expenditures. This does not preclude operation of an integrated system where an allotment ledger and accounts payable ledger stem from common source documents.

9061-4 RESPONSIBILITIES

The Center Financial Management Officer (FMO) is responsible for implementing proper procedures and ensuring reliable accruals, including approving accruals developed by personnel outside the Financial Management Office.

9061-5 GENERAL REQUIREMENTS

- a. **METHOD.** Generally accepted accounting methods will be used in developing accruals. Accruals will be recorded in the appropriate accounts as of the end of each month. Simplified methods for monthly accruals such as inventories of documents and estimates based on previous experience may be used when demonstrated to be reasonably reliable.



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- b. **YEAR-END.** Special efforts shall be made at the end of the fiscal year to ensure that the accounts reflect the most complete and accurate data available.
- c. **LEVEL OF DETAIL.** Accrual accounting shall be applied at the level of detail prescribed in FMM 9240, Cost Accounting.
- d. **DOCUMENTATION.** Documents reflecting computations and support for accruals and analyses of the accuracy of the accruals, as required by FMM Appendix 9061-5A.3.a.(4), shall be retained for reference and audit.

9061-6 BASES FOR ACCRUALS

a. PERSONNEL COMPENSATION, PERSONNEL BENEFITS AND SPECIAL PERSONAL SERVICES PAYMENTS AND BENEFITS FOR FORMER NASA PERSONNEL (OCC 11, 12, 13 and 14)

- (1) Gross compensation (OCC 11), including overtime, will be accrued through the end of each month. A labor distribution system may be used to distribute actual charges to cost accounts and to credit accounts payable. A monthend record cutoff shall be made if practicable, such as where daily time records are kept and the only additional effort required is an interim cutoff and report. If a record cutoff is not feasible or the labor distribution to cost accounts does not vary significantly from payroll period to payroll period, the cost distribution of a representative preceding payroll or the total annual payroll to date may be used in determining the current accrual. Labor cost accruals will be distributed to the appropriate benefiting project(s) and functions.
- (2) Merit bonuses and awards, if significant in amount, will be accrued in the month in which the Financial Management Office is notified of the liability for payment.
- (3) The cost of unused annual leave earned will be accrued at fiscal yearend, based upon the difference between the leave liabilities at the end of the prior and current fiscal years.
- (4) Benefits (OCC 12 and 14), including NASA contributions to Social Security, retirement funds, the Thrift Savings Plan, and group health and life insurance programs will be accrued in the same manner as gross compensation.
- (5) Other benefits, such as relocation-related real estate costs and personnel allowances, shall be accrued in the month in which notification of the liability for payment is received.
- (6) Payments to the Office of Personnel Management for reemployed annuitants and severance pay for former employees (OCC 13) will be accrued in the same manner as gross compensation.



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- (7) Recruitment and relocation bonuses and retention allowances shall be accrued in the month in which the Financial Management Office is notified of the requirement for payment.

b. TRAVEL AND TRANSPORTATION OF PERSONS (OCC 21)

- (1) Accruals for transportation, per diem and miscellaneous costs will be based upon the estimated cost of the trip and accrued in entirety in the month the travel commences. Accrued costs will be adjusted to actuals when invoices and travel vouchers are paid. At fiscal yearend, recorded per diem and miscellaneous costs will be reduced by the amount of travel not performed during the fiscal year.
- (2) Travel costs not documented by travel orders, such as contracts for the rental of passenger-carrying vehicles not associated with TDY travel will be based upon contractor billings or estimated.
- (3) Permanent change of station travel and transportation costs shall be accrued when incurred.

c. TRANSPORTATION OF THINGS (OCC 22).

Costs evidenced by copies of Government Bills of Lading (GBL) issued to carriers will be accrued in the month the GBL is issued, concurrent with the obligation. At the end of the fiscal year, accrual of costs not covered by GBL's will be based upon billings received or other reliable notices that transportation has been accomplished.

d. RENTS, COMMUNICATIONS, AND UTILITIES (OCC 23)

- (1) Accruals for leases and rents will be based upon lease or rental agreements. In the absence of language to the contrary, 1/12 of the total annual rent shall be accrued each month.
- (2) Accruals for communications and utility service costs shall be based upon billings received. If billings are not available or usage fluctuates significantly, meter readings or estimates of usage will be obtained and priced according to the appropriate schedule of charges.

e. OTHER CONTRACTUAL SERVICES (OCC 25).

Costs of contracted services will be accrued as of the end of the month during which the services are performed. If invoices covering the services have not been received or approved, the accrual will be estimated, based upon the known level of activity, previous billings, or the estimates of cognizant NASA personnel.

f. SUPPLIES AND MATERIALS (OCC 26)

- (1) Accruals will be based upon invoice prices, when available, or receiving reports using purchase order prices.



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- (2) Direct project or program support purchases for which the end use classification is predetermined will be accrued to the appropriate end use classifications in the month received.
- (3) Stores and standby stock will be accrued initially against the applicable inventory carrier account.
- (4) All invoices supported by receiving reports and all receiving reports will be accrued.

g. GRANTS, SUBSIDIES, AND CONTRIBUTIONS (OCC 41).

Since NASA policy is to provide advance payment on grants, cost accruals will be made as discussed in Appendix 9061-5A. Subsidy and contribution costs will be recorded in the month in which administratively approved for payment.

h. CONTRACTS AND PURCHASE ORDERS.

Instructions regarding the accrual of contract costs and purchase orders are contained in Appendix 9061-5A.

i. MINOR ITEMS.

Minor items of a petty cash nature and such things as COD deliveries may be recorded as costs when payment or final settlement is made without regard to the specific period of actual use.

j. MISCELLANEOUS REVENUE.

Revenue shall be accrued in the month in which it is earned. Unrecorded accounts receivable estimated to aggregate less than \$10,000 need not be accrued at the end of each month, however, except at the end of the fiscal year.



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FMM 9070 Reserved

FMM 9081 PRICING OF SPECIAL SERVICES FOR OTHERS AND SALES OR LEASES OF NASA PROPERTY TO OTHERS

9081-1 PURPOSE

This section sets forth the accounting principles and requirements for determining costs applicable to the imposition of User Charges. User Charges are imposed only when a determination has been made that NASA will render a service to non-U.S. Government users which result in a special benefit over and beyond those which accrue to the public at large. Requirements for advance payments, disposition of receipts, and accounting control of revenue from user charges are also included.

9081-2 AUTHORITY

- a. 31 USC 9701, Fees and Charges for Government Services and Things of Value.
- b. Office of Management and Budget Circular No. A-25, Revised, dated July 8, 1993.
- c. NASA Management Instruction 1300.1_, Development Work for Industry in NASA Wind Tunnels.

9081-3 APPLICABILITY

Applies to NASA Installations and components.

9081-4 EXCLUSIONS AND EXCEPTIONS

User charges will be sufficient to recover the full cost to the Federal Government for all work and services for others except:

- a. Services provided on the basis of contractually negotiated arrangements or through reimbursable agreements in accordance with section 203(c)(6) of the National Aeronautics and Space Act of 1958, as amended.
- b. Services or property furnished to other Federal Agencies.
- c. Disposal or real property covered under NMI 8810.1 and granting of leasehold, permits and licenses in real property covered under NMI 8813.2.
- d. Rentals charged for industrial facilities pursuant to the rates specified in the Federal Acquisition Regulation (FAR) 52.245-9.



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- e. Fringe benefits for military and civilian employees, e.g., operation of post exchanges or commissaries.
- f. Rental of quarters and charges for related facilities to employees and others.
- g. Sales or disposal under approved programs of surplus property, e.g., Sealed Bid Sales, Spot Bid Sales, Auction Sales, and Negotiated Sales, when such disposal are accomplished in accordance with the provisions of Federal Property Management Regulations (FPMR) 101-45.304.

9081-5 BACKGROUND

- a. The Office of Management and Budget Circular A-25, requires that when a Government service (or privilege) provides special benefits to an identifiable recipient above and beyond those which accrue to the public at large, a charge should be imposed to recover the full cost to the Federal Government of rendering that service. When Federally-owned resources or property are leased or sold, a fair market value should be obtained. Charges for the lease or sale of property need not be limited to the recovery of costs but may produce net revenues to the Government.
- b. NASA is charged with the responsibility for:
 - (1) Identifying the services or activities covered by OMB Circular A-25;
 - (2) Determining the extent of the special benefits provided;
 - (3) Applying accepted cost accounting principles in determining full cost and market price;
 - (4) Establishing the charges; and
 - (5) In determining the charges for the lease and sale of Government-owned resources or property, applying sound business management principles and comparable commercial practices.
- c. OMB Circular A-25 also states the general policies for the determination of cost and allows NASA, under certain conditions, to make exception thereto.

9081-6 POLICY

- a. It is NASA policy not to compete with available commercial facilities in providing special services or in the sale or lease of property or resources. However, where a service (or privilege) provides special benefits to an identifiable recipient above and beyond those which accrue to the public at large, a charge shall be imposed to recover the full cost to the Federal Government of rendering that service. However, no charges shall be imposed when:
 - (1) The identification of the ultimate beneficiary is obscure and the service can be primarily considered as broadly benefitting the general public.



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- (2) The incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.
 - (3) The furnishing of the service without charge is an appropriate courtesy to a foreign country or international organization; or comparable fees are set on a reciprocal basis with a foreign country.
 - (4) The recipient is engaged in a nonprofit activity designed for the public safety, health or welfare.
 - (5) Payment of the full fee by a State, local government or nonprofit group would not be in the interest of the program.
 - (6) The imposition of a user charge would be in conflict with the basic mission of NASA.
- b. When Federally-owned resources or property are leased or sold, a fair market value shall be obtained. Charges are to be determined by the application of sound business management principles, and so far as practicable and feasible in accordance with real estate appraisal methods and techniques used within the Government for comparable commercial practices. Charges for the lease or sale need not be limited to the recovery of cost; they may produce net revenues to the Government.
- c. Costs of Government service or property from which a special benefit is derived shall be determined or estimated from the best available records in the Agency, and new cost accounting systems shall not be established solely for this purpose. The cost computation shall cover the direct and indirect costs to the Government of carrying out the activity, including but not limited to:
- (1) Salaries, employee leave, travel expense, rent, cost of fee collection, postage, maintenance, operation and depreciation of buildings and equipment (unless specifically excluded), and personnel costs other than direct salaries (e.g., retirement and employee insurance).
 - (2) A proportionate share of the Agency's management and supervisory costs.
 - (3) The costs of enforcement, collection, research, establishment of standards, and regulation, including any required environmental impact statements.
- d. The maximum fee for a special service shall be governed by its total cost and not by the value of the service to the recipient. The cost of providing a service shall be reviewed biannually and the fees adjusted as necessary.
- e. To the maximum extent practicable, there shall be uniformity and consistency throughout the entire Agency in the imposition of user charges.



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9081-7 RESPONSIBILITY

- a. **FIELD INSTALLATIONS.** The Director of each Installation is responsible for:
 - (1) Identifying the services or activities being performed, or proposed to be performed, at the Installation that result in a special benefit to the recipient within the meaning of this Instruction.
 - (2) Determining the extent of the special benefits provided or to be provided by such activities or services.
 - (3) Determining whether the imposition of a user charge would be in conflict with the basic mission of NASA.
 - (4) Applying approved cost accounting principles and procedures (within the context of paragraph 6c), in determining the cost of the service or activity that provides a special benefit.
 - (5) Requesting approval of the Director, Financial Management Division, for the amount of the charge imposed for rendering the service. Such requests will be supported by the cost data utilized in determining the cost of the service or activity for which a user charge rate is being imposed.
- b. **HEADQUARTERS.** The Associate Administrator for Management Systems and Facilities is responsible for performing the activities described in paragraph 7a for NASA Headquarters.
- c. **DIRECTOR, FINANCIAL MANAGEMENT DIVISION, NASA HEADQUARTERS.** The Director, Financial Management Division, NASA Headquarters, is functionally responsible for review, approval and imposition of user charges. In this capacity the Director is responsible for:
 - (1) Ensuring proper coordination of recommended user charge rates with the Associate Administrator for Management Systems and Facilities, appropriate program offices, and such other offices as may be necessary prior to approval of recommended user charge rates.
 - (2) Approving the amount of all user charges for compliance with the Office of Management and Budget and NASA user charge policies.
 - (3) Ensuring that user charges imposed by NASA shall be uniform to the maximum extent practicable under prevailing local conditions.
 - (4) Reviewing the user charges for Agency programs biannually, to include: (1) assurance that existing charges are adjusted to reflect unanticipated changes in costs or market values; and (2) a review of all other Agency programs to determine whether fees should be assessed for Government services or the user of Government goods or services.



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- (5) Discussing the results of the biannual review of user fees and any resultant proposals in the Chief Financial Officers Annual Report required by the Chief Financial Officers Act of 1990.

9081-8 *WAIVERS OF USER CHARGES*

At the time a potential User Charge is waived by an Installation, a memorandum will be submitted to the Director, Financial Management Division, NASA Headquarters, disclosing the following information:

- a. Type of service for which a waiver was given;
- b. Identity of the recipient(s) of the service;
- c. Reason for the waiver; and
- d. Total cost of the service for which the waiver was given.

9081-9 *APPROVAL OF USER CHARGES*

In compliance with paragraph 7 of FMM 9081, NASA Installations will identify the services or activities being performed or proposed to be performed that will result in a special benefit to the recipient(s). Financial Management Officers will prepare and submit annually at the beginning of each fiscal year, or on an "as occurs basis," the following information concerning proposed "User Charges" to the Director, Financial Management Division, NASA Headquarters, Code BFP for approval:

- a. Type of service that will be provided;
- b. Identity of the recipient(s) of the service; and
- c. Basis for costs and charges to be billed:
 - (1) Identify the total costs or charges to recipient(s) by element of cost and fund source.
 - (2) Provide the basis for depreciation and other costs where cost finding techniques are used, and the computation used to arrive at occupancy rates for each Unitary Wind Tunnel as required in FMM Appendix 9081-10A, paragraph 4. (Refer to FMM 9081-10 and Appendix 9081-10a below to determine costs and charges.)



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9081-10 DETERMINATION OF COSTS AND CHARGES

- a. **COSTS AND CHARGES.** Full cost recovery will be the basis for establishing charges for all services provided. Full costs will be determined or estimated from the best available records maintained by the Installation providing the service. New cost accounting systems will not be established solely for the purpose of establishing charges. However, if indirect costs are accumulated and distribution is made under existing cost accounting systems, such costs will be used in determining charges for the services provided. Charges will recover both direct and indirect costs to NASA and other costs; the provisions of FMM 9090-10A will be utilized to determine the aggregate costs and charges for services provided to non-U.S. Government users.
- b. **MAXIMUM CHARGE.** The maximum charge for a special service will be in accordance with paragraph 6d of FMM 9081.
- c. **UNITARY WIND TUNNELS.** Pursuant to NMI 1300.1_, charges for development testing in Unitary Wind Tunnels, identified as Company Projects will be established as outlined in FMM Appendix 9081-10A. Depreciation on the original capital investment of facilities will be excluded in computing fees to be charged on Company Projects.
- d. **LEASES OR SALES.** Where federally owned resources or property are leased or sold, a fair market value should be obtained. Charges are to be determined by the application of sound business management principles, and so far as practicable and feasible in accordance with comparable commercial practices. Charges need not be limited to the recovery of total costs incurred, i.e., a net revenue to the Government may be produced.



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9081-11 ADVANCE PAYMENT REQUIREMENT AND DISPOSITION OF RECEIPTS

Goods and services provided to non-U.S. Government sources under user charge arrangements will, whenever possible, include a provision for advance payments in the amount of the total estimated cost or advance progress payments for efforts of a continuing nature. This policy is particularly important in the case of Unitary Wind Tunnel charges and leases of Government property for agricultural purposes. In determining whether an advance payment is possible, two factors should be considered, (1) the scope of the effort, length of time to complete the task, and the basis for the charge, i.e., fixed rate, actual cost, etc., and (2) cash management policy which requires liquidation of accounts receivable from non-U.S. Government sources as expeditiously as possible. Cash advances received, pursuant to this paragraph, will be initially deposited to 80X6875, Suspense, National Aeronautics and Space Administration. Subsidiary records will be maintained for each customer from whom an advance payment is received. Transfers from the Suspense account to the General Fund of the U.S. Treasury will be made periodically to minimize the outstanding balance of accounts receivable from non-U.S. Government sources. In those instances when an advance payment is not possible, the goods and services will be provided on a cash sales basis and the collections will be deposited directly into the General Fund of the U.S. Treasury.

9081-12 GENERAL LEDGER RECORDING

For those Installations that have a large volume of user charge transactions, revenue accounts, subsidiary to general ledger account 4110, Revenues Miscellaneous Receipts, will be established by expanding the fourth digit to identify user charges separately in the accounting records. This will help insure that the recording required is under the control of formal accounting records. Installations that have relatively few user charge transactions may use memorandum-type records to account for User Charges.

9081-13 IMPLEMENTATION

User Charge implementing instructions issued by NASA Installations should include the delegation of responsibility and designation of individuals responsible for determining (a) the items and services for which user charges will be assessed, including services furnished to contractors, and (b) the specific charges that will be made for those items and services.



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FMM 9082 CHARGES FOR RENTAL OF QUARTERS AND RELATED FACILITIES

9082-1 PURPOSE

This section sets forth the policies, procedures, responsibilities, and requirements under which NASA will set and administer rental rates for quarters and charges for related facilities.

9082-2 AUTHORITY

- a. 5 USC 5911 et seq.
- b. Office of Management and Budget Circular A-45, Revised, dated October 30, 1974.

9082-3 DEFINITIONS

- a. **RENTAL QUARTERS.** Rental quarters include all housing supplied under specific Government direction as an incidental service in support of Government programs. "Public Quarters" designated for occupancy by members of the uniformed services with loss of allowances, and sleeping facilities furnished on a temporary basis are excluded. Otherwise all quarters owned by or leased to the Government are included whether occupied by Government employees, contractors, contractors' employees, or any other person to whom housing is provided as incidental to the performance of a Government activity. Housekeeping and non-housekeeping units, including trailers but not tents, furnished, and unfurnished are included.
- b. **RELATED FACILITIES.** Related facilities mean utilities, services, furniture, appliances, etc.

9082-4 POLICY

- a. **GENERAL.**

Rental rates for quarters and charges for related facilities will be based upon reasonable value in the circumstances under which provided, occupied, or made available. The amount of rental rates shall not be set so as to provide an inducement in the recruitment or retention of employees or as an inducement to encourage the occupancy of existing Government housing.



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b. SPECIFIC

- (1) To insure that rental rates and other charges reflect changes in the private market, rent schedules will be affirmed or adjusted at periodic intervals in accordance with the procedures set forth in Appendix I of OMB Circular A-45, Revised. However, utilities furnished by the Government and metered or measured will be adjusted whenever rate changes occur in the locality used for comparison.
- (2) Appendix I of OMB Circular A-45, Revised, prescribes procedures for application of the Consumer Price Index (CPI) as a means of effecting annual adjustments in rental rates for quarters, furnishings, and unmetered and unmeasured utilities.
- (3) The responsibilities for conducting annual adjustments and periodic reviews including the approval thereof are specified in FMM 9082-5.
- (4) Non-Governmental appraisers when utilized will adhere to the guidelines of OMB Circular A-45, Policy Governing Charges for Rental Quarters and Related Facilities, and this portion of the FMM.
- (5) Government appraisers will, of course, follow OMB Circular A-45 and other applicable Federal laws and regulations, including this portion of the FMM.
- (6) Employee Committees will not be used in NASA to recommend rental rates or charges for related facilities.
- (7) A full record of rates and charges established as a result of the reviews will be maintained by each installation.
- (8) The method of determining specific rates for rental quarters located outside the conterminous United States, the District of Columbia, or the Commonwealth of Puerto Rico, requires advance approval by the Office of Management and Budget. Accordingly, the Assistant Associate Administrator for Facilities Management, Code JX will be contacted for specific instructions in each such instance.
- (9) Housing acquired incidentally in the acquisition of land for NASA facilities and operations may be leased back as a matter of mutual convenience to occupants as a "condition of sale." The provisions set forth below do not govern the rates set for such leases. Wherever applicable, Code NX will determine the policy for establishment, management, and administration of these "condition of sale" leases and whether NASA will perform such functions, or arrange for another agency of the Federal Government, or for another suitable and qualified organization to act as NASA's real property agent. Specific arrangements for the assignment of responsibility should be made and approved by Code NX at the time of negotiation for the land acquisition involving "condition of sale" leases.



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- (10) Employees on leave will continue to be charged for quarters and rented facilities, unless they vacate the quarters and make them available for reassignment.
- (11) When substantial increases in rents or charges are being levied (20% or more), the increase will be made in proportioned steps, quarterly, but in no case will the full increase be delayed beyond 1 year. For example, a rental increase of \$20 from \$100 to \$120 per month effective February 1, will be proportioned:
- | | |
|--------------------------|-----------------|
| February 1 to April 30 | \$100 per month |
| May 1 to July 31 | \$105 per month |
| August 1 to October 31 | \$110 per month |
| November 1 to January 31 | \$115 per month |
| February 1 on -- | \$120 per month |
- (12) In any event 30 days' notice will be given before actual rents and charges are changed in the lease or rental agreement. A change approved on January 15, will be given as a notice to the tenants on February 1, and the change will be effective as of March 1.
- (13) Any tenant may appeal the rent or other charges established. NASA will assume responsibilities customarily accompanying landlordship and accordingly, the name of the person to whom the tenant may appeal will be set forth in the rental (lease) agreement. The Installation Director will designate the person who will receive the appeal and ensure that necessary administrative reviews and approvals are made.
- (14) The appeal procedure will be carefully documented and maintained by the person responsible for receiving the appeal so that the report will be available for reference as needed. The Assistant Associate Administrator for Facilities Management may be consulted on any special problem when, in the judgment of the Installation Director, undue hardship to individuals or the NASA program is involved. Routinely, the Installation Director, subject to the requirements of OMB Circular A-45 may authorize specific adjustments up to 20% of general rent and other charges for impositions on privacy, devotion of space for official use, forced maintenance of two households, excessive size or quality, inadequate size, lack of all weather construction, and other similar reasonable problems. In order to ensure that such adjustments are completely impartial, adjustments made by the Installation Director are subject to the periodic review and approval of Code JX.

9082-5 RESPONSIBILITIES

The responsibilities for establishing and reviewing rental rates for quarters and the charges for related facilities are as follows:

- a. The Installation Director, who has custody over quarters as well as the authority to rent the quarters will:



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- (1) Monitor the use of rental quarters.
 - (2) Annually determine whether an adjustment to the basic rental rate is required based on changes in the CPI. Determine specifically when periodic reviews are necessary so that qualified appraisers may be obtained as required. See FMM 9082-4b (1).
 - (3) Annually advise the Assistant Associate Administrator for Facilities Management, Code JX of the need to adjust basic rental rates based on changes in the CPI. Advise the Assistant Associate Administrator for Facilities Management, Code JX of the need to conduct a periodic review and of the recommended time schedule for the timely completion of the review. Request that the services of appraisers be provided.
 - (4) Conduct the review using qualified appraisers.
 - (5) The Assistant Associate Administrator for Facilities Management, will keep the Comptroller and the Associate Administrator for Management advised of all significant events concerning the use of and charges for NASA rental quarters.
 - (6) Designate person(s) to receive appeals and ensure that necessary administrative reviews and approvals are made.
 - (7) Establish by amending the lease or rental agreement the general rates and charges authorized by the Assistant Associate Administrator for Facilities Management, Code JX on the effective date and ensure they are collected.
 - (8) Authorize specific adjustments to general rents in accordance with FMM 9082-4 b(10).
- b. The Assistant Associate Administrator for Facilities Management, Code JX will:
- (1) Provide qualified appraisers to Installation Directors to perform the necessary reviews. Where practicable, appraisers of the FHA, Army Corps of Engineers, Naval Facilities Engineering Command, or GSA will be used.
 - (2) Make the final evaluation of the annual adjustment required based on changes in the CPI and the periodic reviews. Approve the general rates and charges to be established.
 - (3) Review and advise on appeal actions and adjustments, as necessary.

9082-6 DISPOSITION OF PROCEEDS

NASA does not utilize the payroll deduction method of collecting rental charges. Pursuant to the provisions of 5 USC 5911(c), rents and charges collected shall be deposited for credit to the General Fund of the U.S. Treasury and not to the credit of a NASA appropriation. FMM 9081-8 prescribes the revenue controls.



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FMM 9090 REIMBURSABLE AGREEMENTS

9091-1 PURPOSE, POLICIES, AND RESPONSIBILITIES

- a. **PURPOSE.** This chapter establishes financial management policies for (1) entering into reimbursable agreements; (2) estimating reimbursable cost; (3) using reimbursable funds and Reimbursable Agreement Numbers (RANs); (4) accounting for costs; (5) billing and collecting; and (6) reconciling financial records.

This chapter is applicable to all agreements for reimbursable activity performed by NASA Centers and their components. See also FMM 9080, User Charges and Rental Charges, which covers wind tunnels and leases.

b. **POLICIES**

(1) **Full Cost Recovery**

NASA will charge full cost in accordance with the User Charge Act and OMB Circular A-25 for non-Federal sales and the Economy Act for Federal sales in accordance with FMM 9091-5.

(2) **Initiation of Reimbursable Work**

NASA will not initiate work or services nor incur reimbursable obligations without a reimbursable order or agreement, a Reimbursable Agreement Number (RAN), and reimbursable funds. The amount of reimbursable funds available for commitment and/or obligation is the least of (1) reimbursable allotment (Form 504), (2) reimbursable resources authority (Form 506A-R), and (3) reimbursable budgetary resources (see FMM 9091-3g).

c. **RESPONSIBILITIES**

(1) **Center Project Office**

- (a) Prepares reimbursable agreements and Estimated Price Reports (EPRs), obtains concurrences, Reimbursable Agreement Numbers (RANs) and appropriate signatures.
- (b) Performs, monitors and reviews agreements.
- (c) Recommends approval, termination, etc. to Center Director

(2) **Center Chief Financial Officer (CCFO)**

- (a) Reviews and concurs in Center reimbursable agreements and EPRs. Ensures that all necessary elements are included (see FMM 9091-4).



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- (b) Assigns agreements to the Center RAN or requests a Headquarters RAN in accordance with FMM 9110.
- (c) Maintains numerical control over each agreement assigned to the Center RAN.
- (d) Prevents over obligation of reimbursable funds.
- (e) Establishes and maintains financial records for RANs and makes reports as required.
- (f) Issues written exceptions to full cost and faxes copies to the Director, Financial Management Division, (Code BF), by the next working day. Requests waivers of advance deposit requirements from the Director, Financial Management Division.

(3) Headquarters Program Office

- (a) Prepares Headquarters-negotiated reimbursable agreements, and ensures that appropriate EPRs, RANs, appropriate concurrences, and signatures are obtained.
- (b) Monitors and reviews reimbursable agreements.
- (c) Recommends approval or termination of Headquarters-negotiated reimbursable agreements to the Associate Administrator.
- (d) Issues reimbursable resources authority
- (e) (NF 506A-R) to Centers consistent with NF 506-R obtained from Code BT.
- (f) Reviews Center-negotiated reimbursable agreements, as authorized (see FMM 9091-2).

(4) Director, Financial Management Division (Code BF)

- (a) Reviews and concurs in Headquarters-negotiated reimbursable agreements and EPRs.
- (b) Assigns Headquarters RANs.
- (c) Maintains financial records and related reports.
- (d) Develops, issues, and interprets financial management policies.
- (e) Issues written exceptions to full cost for Headquarters-negotiated agreements, and approves waivers of advance deposit requirements.
- (f) Reviews written exceptions to full cost received from CCFOs, and approves waivers of advance deposit requirements.



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(5) The Headquarters Budget Operations Office (Code BT)

- (a) Requests and receives apportionments from Office of Management and Budget.
- (b) Reviews supporting documentation and issues reimbursable allotments (NF 504) and reimbursable resources authority (NF 506-R).
- (c) Develops, issues, and interprets budget execution policies.

9091-2 AUTHORITY

For the purposes of this chapter, the following authorities are applicable:

a. LAW

- (1) **31 USC 1535, (Economy Act of 1932).** This is an authority available to Federal agencies for requesting and performing interagency reimbursable work. Under this Act, NASA's obligation authority expires when the customer agency's authority expires.
- (2) **42 USC 2473(c) (5) and (6), (National Aeronautics and Space Act).** This is authority for NASA to provide services, equipment, information and/or facilities on a reimbursable basis. This authority allows NASA to enter into a variety of reimbursable agreements.
- (3) **49 USC 2601, (Commercial Space Launch Act, P.L. 98-575.)** This Act governs the sale, by NASA, of launch property for fair market value and the sale of launch services for direct cost. This provides a legal exception to NASA's full cost policy.
- (4) **Chief Financial Officers Act of 1990, P.L. 101-576.** This Act requires a biennial review of the costs of services versus the charges imposed.
- (5) **41 USC 23, Project Order Law.** This is an authority uniquely available to the Department of Defense (DoD). Under past DoD interpretations of this law, obligations made by DoD with other agencies did not have to be cancelled when DoD authority expired. However, a May 5, 1993, GAO decision disputes this interpretation. Clarification from DoD is required for new orders accepted under this authority to avoid cancellation of obligations.
- (6) **31 USC 3302, Deposit of Monies.** This requires all monies to be deposited to Treasury unless otherwise provided by law.
- (7) **31 USC 9701, User Charges.** Under this authority agencies are required to charge full cost or fair market value on sales of any service or thing of value to the public.
- (8) **Land Remote Sensing Policy Act of 1992, P.L. 102-555.** This prohibits charging depreciation and general and administrative cost for Landsat data.



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- (9) **15 USC 5807, Use of Government Facilities.** This is an authority for NASA to use its space-related facilities on a reimbursable basis to support commercial space activities, and to charge direct cost only.

b. EXECUTIVE ORDERS AND REGULATIONS

- (1) Presidential Directive on National Space Policy, 1988.
- (2) OMB Circular A-25, User Charges.
- (3) OMB Circular A-34, Budget Execution.
- (4) Presidential Directive on Commercial Space Policy, 1991.
- (5) Presidential Directive on National Space Policy, 1994.

c. NASA REGULATIONS

- (1) NASA Management Instruction (NMI) 1050.1E, Interagency Agreements Delegation of Authority and Procedural Requirements.
- (2) NMI 1050.3_, Delegation of Authority - To Take Actions Related to Certain Agreements with Colleges and Universities.
- (3) NMI 1050.9_, Delegation of Authority - To Take Actions Related to Certain Reimbursable and Non-Reimbursable Space Act Agreements.
- (4) NHB 1101.3_, The NASA Organization.
- (5) NMI 5109.13_, Recoupment Policy for the Use of NASA Technology.
- (6) NMI 7000.3_, Allocation and Control of Agency Resources.
- (7) NMI 8410.2_, Use and Reimbursable Policy for Non-NASA U.S. Government Users of Tracking and Data Relay Satellite System (TDRSS).
- (8) NMI 8410.3_, TDRSS - Use and Reimbursement Policy for Non-U.S. Government Users.
- (9) NMI 8610.F, Astronaut Appearances.
- (10) NMI 6000.3_, Use of Air Fields.
- (11) NMI 8610.8_, General Provisions Regarding Space Shuttle Flights of Cargo-Bay Payloads for Non-U.S. Government Reimbursable Customers.
- (12) NMI 8610.15_, Space Transportation System - Use of Small Self-Contained Payloads.
- (13) NMI 9610.16_, Delegation of Authority - To Take Certain Actions Related to Launch and Associated Services Agreements and Other Transactions.
- (14) NMI 8610.25, Educational Institution Payloads.
- (15) NMI 9050.3_, Administrative Control of Appropriations and Funds.



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- (16)NMI 9080.1_, Review, Approval, and Imposition of User Charges.
- (17)NMI 9710.1_, Delegation of Authority - To Authorize or Approve Travel on Official Business or Related Matters.
- (18)NASA Handbook, Financial Management Manual.

9091-3 DEFINITIONS

For the purpose of this chapter, the following definitions are applicable:

- a. **REIMBURSABLE AGREEMENT.** A binding order or agreement with a customer for NASA to sell or rent materials, equipment or services. A single agreement may include one or more orders.
- b. **FULL COST.** All cost unique to a project or Reimbursable Agreement Number (RAN), all traceable common cost, and all general and administrative cost that can be reasonably charged to a reimbursable agreement (see FMM 9091-5).
- c. **DIRECT COST.** All cost unique to a project or RAN.
- d. **INDIRECT COST.** All common cost that can be traced to a project or RAN (program support) and all general and administrative cost that must be allocated to a project or RAN (center support).
- e. **ESTIMATED PRICE REPORT (EPR).** Form used by Project Offices to document estimated agreement or order cost.
- f. **REIMBURSABLE AGREEMENT NUMBER (RAN).** Unique numbers assigned either by NASA Headquarters, Code BF, or by Centers which serve as reimbursable agreement control numbers.
- g. **REIMBURSABLE BUDGETARY RESOURCES.** Include (a) the amount of a valid obligation for a reimbursable order on the ordering account for a Federal agency customer, (b) the amount of cash advanced to NASA by a non-Federal customer accompanying a reimbursable order, or (c) as provided by law and approved by the CFO, the amount of a reimbursable order from a non-Federal customer which is not accompanied by an advance.

9091-4 REIMBURSABLE AGREEMENTS

- a. **BASIC ELEMENTS.** Reimbursable agreements must be signed by representatives of both NASA and the customer. They must be concurred in by either the CCFO or the Director, Financial Management Division. They should contain the following elements:
 - (1) Citation of legal authority both for performing reimbursable work and for crediting reimbursements to NASA appropriations (see FMM 9091-2).
 - (2) Description of the work or services to be performed.



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- (3) Initiation and completion dates.
 - (4) Estimated cost of the work or services, with contingency provisions necessary to protect the U.S. Government.
 - (5) Identification of the NASA billing organization and the customer payment office, phone number, address, and any other identifying number, i.e., order number, date of MOU.
 - (6) For Federal agency customers, the agency's appropriation symbol and expiration date.
 - (7) For customers other than Federal agencies, advance payment provisions, except as discussed in FMM 9091-4d.
- b. **ESTIMATED PRICE REPORTS (EPRs).** All proposed agreements forwarded to the CCFO or Headquarters, Code BF, for concurrence will be accompanied by an EPR showing full cost. Agreements involving more than one project office should be supported by appropriate data for each project office. All recommended exceptions from full cost will be concurred in by the CCFO or the Director, Financial Management Division. All Center EPRs approved with exceptions from full cost will be faxed by the next day to the Director, Financial Management Division. See FMM Appendix 9091-5C for EPR format.
- c. **REIMBURSABLE AGREEMENT NUMBERS (RANs)**
- (1) All reimbursable agreements require either a Headquarters or a Center RAN. Detailed instructions for obtaining Headquarters RANs are in FMM 9110.
 - (2) Headquarters, Code BF, issues Headquarters RANs. An EPR and the signature page of the agreement or order will be attached to all Headquarters RAN requests to be retained in RAN files. Each Center is issued a Center RAN Number which correlates to the Agency Center Number (ACN). A RAN must be displayed on all reimbursable and related agreements, (see FMM 9111-3).
- d. **ADVANCE PAYMENTS**
- (1) **Non-Federal Customers.** Non-Federal customers will be billed and pay in advance except where otherwise authorized by law and approved by the Director, Financial Management Division. Agreements may provide for a single payment or progress payments. The Center will deposit advance payments on Center-negotiated agreements to Advances, Center-negotiated Agreements, Deposit Account 80X6559. When earned, these advances will be credited to NASA appropriations or other accounts. Headquarters will deposit advances for Headquarters-negotiated agreements in Headquarters deposit accounts, 80X6560 or 80X6555.
 - (2) **Federal Customers.** Federal customers are not required to be billed in advance for work or services to be performed.



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- e. **INITIATION OF REIMBURSABLE WORK.** Reimbursable work will not be initiated until (a) an agreement has been signed by both NASA and the customer, (b) a RAN has been assigned, (c) adequate reimbursable allotment (Form 504) and reimbursable resources authority (Form 506A-R authority) have been received from Headquarters, and (d) reimbursable budgetary resources are available. Reimbursable budgetary resources are comprised of a) a valid obligation in the accounts of a Federal customer, b) an order from a non-Federal customer accompanied by an advance, or c) an order from a non-Federal customer unaccompanied by an advance where a waiver has been received from the Director, Financial Management Division.

9091-5 COST PRINCIPLES

All new customer orders, including those under amended reimbursable customer agreements will recover full cost, except for written, legally permissible exceptions made by the CCFO or the Director, Financial Management Division. Such exceptions will be documented on EPRs and faxed the next business day to the Director, Financial Management Division. Full costs will be charged to the extent they can be reasonably determined, whether from the accounting system or through cost finding. Cost finding includes any reasonable technique for identifying costs that are not directly available in the NASA cost accounting system. Where cost accounting for individual RANs is not practical, a fixed price based on best estimates may be charged. The following types of cost should be charged.

- a. **DIRECT COSTS.** These include the following:

- (1) **Direct Civil Service Labor.**

- (a) Costs (regular and overtime) are based upon direct program and program support (including engineering and technical base) labor charges.
 - (b) A fringe benefit rate will be applied to direct Civil Service labor on Commercial Space Launch Act agreements only. This rate is issued annually by Headquarters Financial Management Division, Code BF (see FMM Appendix 9091-5A). This appendix will be updated annually by September 1. New rates will take effect for the following fiscal year. The fringe benefit charge will be separately identified on the EPRs and on the final cost reports for Commercial Space Launch Act agreements. Fringe benefits are recovered through the application of the Center overhead rate for all other agreements not covered under the Commercial Space Launch Act.

- (2) **Civil Service Travel.** Costs will consist of direct program and program support (including engineering and technical base charges).

- (3) **Direct Material.** Includes materials, inventory, and expensed equipment costs.



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- (4) **Contractual Charges.** These include transportation, packing, storage, printing and reproduction, communications, repair and maintenance costs, etc. All contract cost that is unique to a reimbursable order.
- (5) **Federal Telecommunications System Costs (FTS).** All FTS costs incurred by NASA tenants or through similar arrangements under reimbursable agreements will be charged. Amounts collected by Centers will be forwarded to the Headquarters Accounting Division, Code CF, within 15 days of the end of each quarter. These amounts will offset Agencywide FTS bills. Centers will provide estimated FTS reimbursement information to Headquarters Communications and Data Systems Division, Code OS, and the Headquarters Budget Office, Code CB in response to the annual budget call.

b. INDIRECT COSTS

These costs include Program or Center support in the functional management system (see FMM 9321-2) that are charged to Federal and non-Federal customers.

- (1) **Program support** is a common cost that is traceable to projects or RANs. Elements of program support are included in direct cost at rates determined by each Center. Center support includes all general and administrative activities which are required to operate and maintain an Center regardless of the programs and projects carried at the Center. Elements of center support are included in the Center overhead computation.
- (2) **Center overhead** is a general and administrative cost that is applied to direct Civil Service labor at rates calculated annually (based on budgeted forecast) by each Center and approved by Headquarters, Code BF, using FMM Appendix 9091-5B. Center overhead will be charged to all Federal and non-Federal agreements except for Commercial Space Launch Act agreements, and Travel Only agreements, unless otherwise provided for by law. Centers will submit overhead proposals to Code BF by August 15 for approval. It should be recorded on
- (3) a pro-rated basis to FS-41, 42, and 43 reimbursable activity based on the formula for calculating Center overhead. The corresponding offset to direct activity should also be recorded to FS-41, 42, and 43 in the same manner.
- (4) **An Administrative Fee** of 15% will be charged to all arrangements solely for travel and related matters. These arrangements will be processed in accordance with NMI 9710.1 and FMM 9741-18, which will provide for a legitimate exception to full cost. The fee shall be based on the estimate and not adjusted for actual costs. It should be recorded as Fund Source (FS) 41 or FS-43 reimbursable activity with a corresponding offset recorded as FS-41 or FS-43 direct activity. An EPR will be maintained at the Center for each approved arrangement so that a summary of all Travel Only exceptions to full costs can be submitted to the Director, Financial Management Division annually.



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- (5) **Headquarters overhead** will be charged at a 10% rate to all Federal and non-Federal agreements except for Commercial Space Launch Act agreements, and Travel Only agreements, unless otherwise provided for by law, see FMM Appendix 9091-5B.
- (6) **Contract administration** is applicable to all Federal and non-Federal agreements except for Travel Only agreements. Contract administration will be charged using FMM Appendix 9091-5B.
- (7) Headquarters, Code CF, will retain funding authority for Headquarters overhead and contract administration. Centers may not incur obligations against Headquarters overhead or contract administration and must forward collections every 30 days, by Online Payment and Collection (OPAC) to Headquarters, Code CF.
- (8) **Depreciation.** Centers will charge all non-Federal customers depreciation except for Landsat data agreements. Such charges may be calculated based on the specific plant and equipment used on the RAN or as an Center rate applied as overhead. All collections of depreciation charges will be deposited to the miscellaneous receipts account (803220, General Fund Proprietary Receipts), in Treasury.

9091-6 BILLING

- a. **ADVANCES.** Customer advances will be billed, collected and deposited as discussed below and in FMM 9091-4d.
- b. **BILLING AND COLLECTION**
 - (1) **General.** Centers will bill deposit accounts and direct customers for cost incurred. Billings should be made every 30 days and may use OPAC, Voucher for Transfers Between Appropriations and/or Funds (SF 1080), Voucher and Schedule of Withdrawals and Credits (SF 1081) and Bill for Collection (SF 1114). Each billing will show the RAN and provide other required information. Collections will be immediately deposited to NASA appropriations or Treasury Miscellaneous receipts (803220, General Fund Proprietary Receipts). Appropriate accounting entries from FMM 9200 will be used.
 - (2) **Headquarters Deposit Account Customers.** Centers should bill Headquarters Code BF every 30 days using SF 1081 vouchers and support forms as specified by Code BF. Headquarters will pay SF 1081's, crediting as appropriate NASA appropriations and Treasury miscellaneous receipts, retaining funds for contract administration and Headquarters overhead.



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- (3) **Center Customers Paying in Advance.** Centers should bill the Center deposit account 80X6559 every 30 days. Centers will credit NASA appropriations or Treasury Miscellaneous Receipts. They will forward amounts identified as Headquarters overhead and contract administration via OPAC quarterly. These amounts will be clearly identified on the OPAC. Amounts forwarded via OPAC will identify the UPNs. Headquarters will process each OPAC transaction to ensure credit as appropriate to NASA appropriations.
- (4) **Center Customers Paying as Cost is Incurred.** Centers should bill at least every 30 days, upon completion of the work, or as specified in the agreement. Each billing will identify the specific agreement and be forwarded to the customer agency in accordance with the instructions contained in the agreement. Amounts due Headquarters will be handled as indicated in b.(3).

c. **FINAL COST REPORT/STATEMENT/RECONCILIATION**

- (1) **Final Cost Report - Billing (Headquarters-Negotiated Agreements).**

Centers will submit a final cost report to Headquarters, Code BF, using forms that are also provided by Code BF. Such final cost reports will reflect all costs incurred in performing the reimbursable service. Before submitting a final cost report package, a reconciliation will be performed between the cost reported in (1) the Center accounting system, (2) Reimbursable Obligation and Cost Reporting System (ROCRS), and (3) billings. Final cost reports should be submitted within 10 months of completion of the agreement.

After reviewing data submitted by the Center, Headquarters, Code BF, should send the final statement to the customer within one year of completion of the agreement.
- (2) **Final Cost Billing - (Center-Negotiated Agreements).** Centers should reconcile their financial and other records and send a final statement to all non-Federal customers within one year of completion of agreement.



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FRINGE BENEFITS CALCULATIONS

(Dollars In Thousands)

	<u>DIRECT</u>	<u>REIMBURSABLE</u>	<u>TOTAL</u>
(7/1-9/30/94) *			
FS-1**	412,665	2,983	415,648
FRINGE BENEFITS & LEAVE***	113,878	812	114,690

(10/1/94-6/30/95) *			
FS-1, 41**	1,213,235	9,065	1,222,300
FRINGE BENEFITS & LEAVE	362,752	2,043	364,795

Period Used For Calculation

(7/1/94-6/30/95)			
FS-1, 41	1,625,900	12,048	1,637,948
FRINGE BENEFITS & LEAVE	476,630	2,855	479,485

$$\text{RATE} = \frac{\text{TOTAL FRINGE BENEFITS AND LEAVE}}{\text{FS-1 (-) FRINGE BENEFITS AND LEAVE}}$$

$$\begin{aligned} \text{FY 95 RATE} &= \frac{479,485}{1,637,948 (-) 479,485} = \frac{479,485}{1,158,463} \\ &= 41.39\% \end{aligned}$$

- * The fringe benefit rate will be calculated based upon the 12-month period from July 1 thru June 30 of the previous year.
- ** Includes all UPNs except 037 & 038.
- *** Includes only UPNs 037 & 038.

SOURCE DOCUMENT: NASA FACS 302 REPORT



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COMPUTATION OF OVERHEAD RATES

- a. **CENTER OVERHEAD RATE.** Charge to all Federal and non-Federal agreements except for Commercial Space Launch Act agreements and Travel Only Agreements, unless otherwise provided for by law. The following cost elements will be used.

(1) **Center Support Costs.** Include Civil Service labor (FS 41) and travel cost (FS 42) for UPNs < 100, plus ROS costs (FS 43). Exclude any center support that is assigned to a unique project or RAN - these will be treated as direct program charges.

(2) **Unique Project and RAN Costs.** Include Civil Service labor (FS 41) costs with UPNs > 099. Include any center support which is charged to a unique RAN - these will be treated as direct program charges.

Formula for Center Overhead Rate (Rounded to nearest whole percentage):

$$\frac{\text{Item 1}}{\text{Item 2}}$$

Calculate charges as follows:

FS 41 costs	Direct and Program support Labor costs and center support labor (total FS 41 charges to all UPNs) charged under a unique RAN
-------------	--

<u>X (rate)</u>	Center Overhead rate (see above)
(amount)	Center Overhead charge

Center overhead should be separately identified on the EPRs, billings, and final cost reports.

- b. **COST POOLS.** If the Center uses other cost pooling techniques to distribute overhead type charges to RANs, the charges will be excluded from the overhead rate, and documented by memorandum to the Chief Financial Officer.
- c. **HEADQUARTERS OVERHEAD RATE.** The Headquarters overhead rate will be charged to Federal and non-Federal agreements except for Commercial Space Launch Act agreements, and Travel Only agreements, unless otherwise provided for by law. The Headquarters overhead rate will be 10%. Calculate charges as follows:

Center Overhead Charge
+ All FS 41 costs charged under a unique RAN
+ All FS 42 costs charged under a unique RAN
subtotal
<u>X Headquarters Overhead rate (10%)</u>
Total Headquarters Overhead charge



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- d. **CONTRACT ADMINISTRATION.** Contract Administration is charged to all Federal and non-Federal agreements which have FS 4, 14, 29, FS 34, FS 48, or 50 costs. The CAS charge is based upon a **non refundable**, sliding scale fixed amount on agreement values or orders up to \$1 million. Orders of \$1 million and over will charge CAS to FS 4, 14, 29, 34, 48, and 50 at the .0052 rate, but the minimum charge will be \$4,000. Agreement value is defined as the basic agreement value plus any change thereto.

The recoupment of CAS charges will be based upon the following scale:

<u>Agreement Value</u>	<u>Charge</u>
Less than \$10K\$	50 *
\$10K - Less than \$25K	100 *
25K - Less than 100K	500 *
100K - Less than 250K	1,000 *
250K - Less than 500K	2,100 *
500K - Less than 1M	4,000 *
1M and Over	.0052**

**Rate multiplied by the FS 4, 14, 29, 34, 48, and 50 costs or \$4,000 whichever is greater. This is a non-refundable charge of \$4,000 or an actual cost of .0052 multiplied by the actual FS 4, 14, 29, 34, 48 and 50 costs; whichever is greater

* This is a non-refundable amount based on the total agreement value. It will be charged to the customer up front at the beginning of an agreement. If at any point in the agreement the total agreement value is increased, the CAS charge will be recalculated and the customer charged accordingly. If the agreement value should exceed \$1M, the Center would change to the method applicable for agreements over \$1 million (see below)